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Monday January 13 1992

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SWEDEN
Coalition keeps its economic nerve
Page 3

World News

Bush trip to Japan comes under fresh onslaught

President Bush's trip to Japan came under renewed attack when Democrats dismissed claims that it would create jobs and revive the US economy. Chief executives of Ford, General Motors and Chrysler all expressed *dissatisfaction* with the results of the trip.

Senator Lloyd Bentsen, chairman of the Senate finance committee, will summon business leaders who took part in the trip to appear at hearings later this month. Page 5

Israel seeks China link
Israel and China are likely to establish diplomatic relations, probably later this month when Israel's foreign minister visits Beijing. The move would complete Israel's *formal ties* to all five members of the UN Security Council. Page 5

Mid-East talks resume
Middle East peace talks resume in Washington today, with only three days for negotiators to break a procedural impasse and move on to issues at the heart of the Arab-Israeli conflict. Picture, Page 12

Kurds to release videos
Iraqi Kurds will release videotapes which the Kurds say document Iraqi executions of prisoners and army deserters. The tapes were found in security headquarters when Kurds took control of government-held areas after the Gulf war.

Georgians begin talks
The military council which seized control of Georgia from President Zviad Gamsakhurdia met parliamentary deputies to discuss the transfer of power to civilians. Page 2

UK campaign hots up
The UK pre-election campaign continued as the opposition Labour party claimed the Conservatives would not be able to "bribe" voters with pre-election tax cuts. The Conservatives must call a general election by early July. Page 12

Apathy at Bulgaria poll
Only 4 per cent of Bulgaria's 6.5m electorate voted in the first three hours of the country's first presidential elections. Favourite to win is President Zhelyu Zhelev, a former dissident appointed head of state in 1990. Page 3

Kuwait lifts censorship
Kuwait has lifted press censorship after a campaign by journalists to reverse laws introduced in 1986.

Aid for Islamic states
Saudi Arabia and other Gulf states are to channel the bulk of their aid to the former Soviet Union to predominantly Islamic republics in central Asia in order to stop the growth of fundamentalism.

Two Kenyans arrested
Former Kenyan vice-president Josephat Karanja was charged with spreading unfounded rumours of an impending military coup. Mr Karanja, and another former MP arrested at the same time, are members of the opposition Forum for the Restoration of Democracy.

Iraqis discuss oil exports
Iraqi oil exports could resume between April and June following talks between the Iraqis and UN officials in Vienna.

Kazakhs apply to IMF
Kazakhstan applied for membership of the International Monetary Fund and World Bank, following in the footsteps of Russia and other states of the former Soviet Union.

Global warming report
Estimates of global warming due to greenhouse gases may have been "somewhat exaggerated", according to the Intergovernmental Panel on Climate Change. Page 5

Business Summary

EC ministers to press for better deal at Gatt talks

European Community will seek "substantial improvements and essential modifications" in the draft conclusions to the Uruguay Round of international trade talks in Geneva after EC trade and farm and ministers rejected plans to limit food subsidies.

EC ministers agreed that the draft put forward by Arthur Dunkel, director-general of the General Agreement on Tariffs and Trade, was a "reference document for the final phase of negotiations", now due to be completed by Easter. Page 12

EUROPEAN Monetary System: Currency analysts are not expecting any relief this week on sterling after a week in which the pressure on the pound showed little sign of abating. Having opened on Monday morning at DM2.8550, the UK currency declined, closing at DM2.84 on Friday. There were signs on Friday, however, that the D-Mark was weakening following calls for lower rates from German economists. German retail sales and inflation figures to be released this week could be decisive in determining the future of sterling. Currencies, Page 23; Sterling expected to keep ERM level, Page 6

EMS January 10, 1992

The chart shows the member currencies of the exchange rate mechanism measured against the weakest currency in the EMS's narrow 2.25 per cent fluctuation band. In practice, currencies in the EMS narrow band cannot rise more than 2.25 per cent from the weakest currency in that part of the system. Sterling and the Spanish peseta operate with 6 per cent fluctuation bands.

SALOMON Brothers, Wall Street securities house which rigged US treasury bond auctions last summer, has lost staff from its London equity operations. Page 18

PEARSON, UK publishing, banking and industrial group, says it is no longer interested in acquiring Mirror Group Newspapers. Page 15

BIM: Kevin Maxwell's signature appeared on an invalid transfer of £32m of shares from Bishopsgate Investment Management, which managed much of the Maxwell pension funds, according to an auditors' report. Page 13; Maxwells under TV scrutiny, Page 14

MACY'S: Bankruptcy fears at the New York-based store chain drove down the value of its bonds. Page 15

POLLY PECK: Fourteen ex-directors of the collapsed fruit-to-electronics conglomerate, face possible legal action in the southern district of New York from Lindner Fund, over alleged misleading information in the company accounts. Page 14

INVESTCORP Bank, Arab-controlled investment bank, suffered a 21 per cent drop in net profits to $52.2m in 1991. Page 15

Algeria poll in doubt as president quits office

By Francis Ghilès in Algiers and Agencies

ALGERIA'S transition to democracy was in severe doubt last night following Saturday's resignation of long-serving President Chadli Bendjedid, just five days before the second round of general elections in which the Islamic fundamentalist opposition was set to take power.

The country's Constitutional Council, the highest state body, which met into last night, was widely expected to announce a cancellation of the second round of elections due to take place on Thursday. No communiqué had been issued by early evening.

The capital Algiers and other main cities were subdued. Armoured vehicles were stationed in front of some key government buildings such as the prime minister's office, the Ministry of the Interior and the state television building.

The Islamic Salvation Front (FIS), which itself scorns democratic pluralism and aims to turn Algeria into North Africa's first Islamic state, took a landslide lead in the initial round of the elections on December 26, Algeria's first multi-party contest.

Leaders and supporters of FIS, which won 188 seats and was expected to gain a sweeping victory on Thursday, went to ground yesterday. However, the party did warn the government yesterday against the consequences of not proceeding with the second round.

After a secret meeting, the FIS issued a statement insisting that the elections should continue, and calling Mr Chadli's resignation after some 13 years in power a "piece of theatre aimed at suppressing the people and cancelling the results".

Mr Chadli's resignation came after pressure from military officers and other groups representing professional bodies, trades unions and women.

Mr Hocine Ait Ahmed, leader of the Front des Forces Socialistes, the main lay opposition party which won 25 seats last month, also denounced the "stop put to the democratic process. Despite an apparent respect for constitutional form, we know the elections have been effectively cancelled." Few people in Algiers seemed to believe a second round would take place on Thursday.

Establishment's anxieties spell the end for Chadli ...... Page 5
Editorial comment Page 10

Mr Sid Ahmed Ghozali, the pragmatic prime minister, appeared to be in day-to-day charge, with army deployments attributed to his orders. Some reports suggested he would form part of a new, possibly interim, governing committee to run the country in conjunction with the army, or at least with its sanction.

The Defence Ministry said in a statement that the army "reaffirms its loyalty to the constitution and its confidence in the existing constitutional institutions".

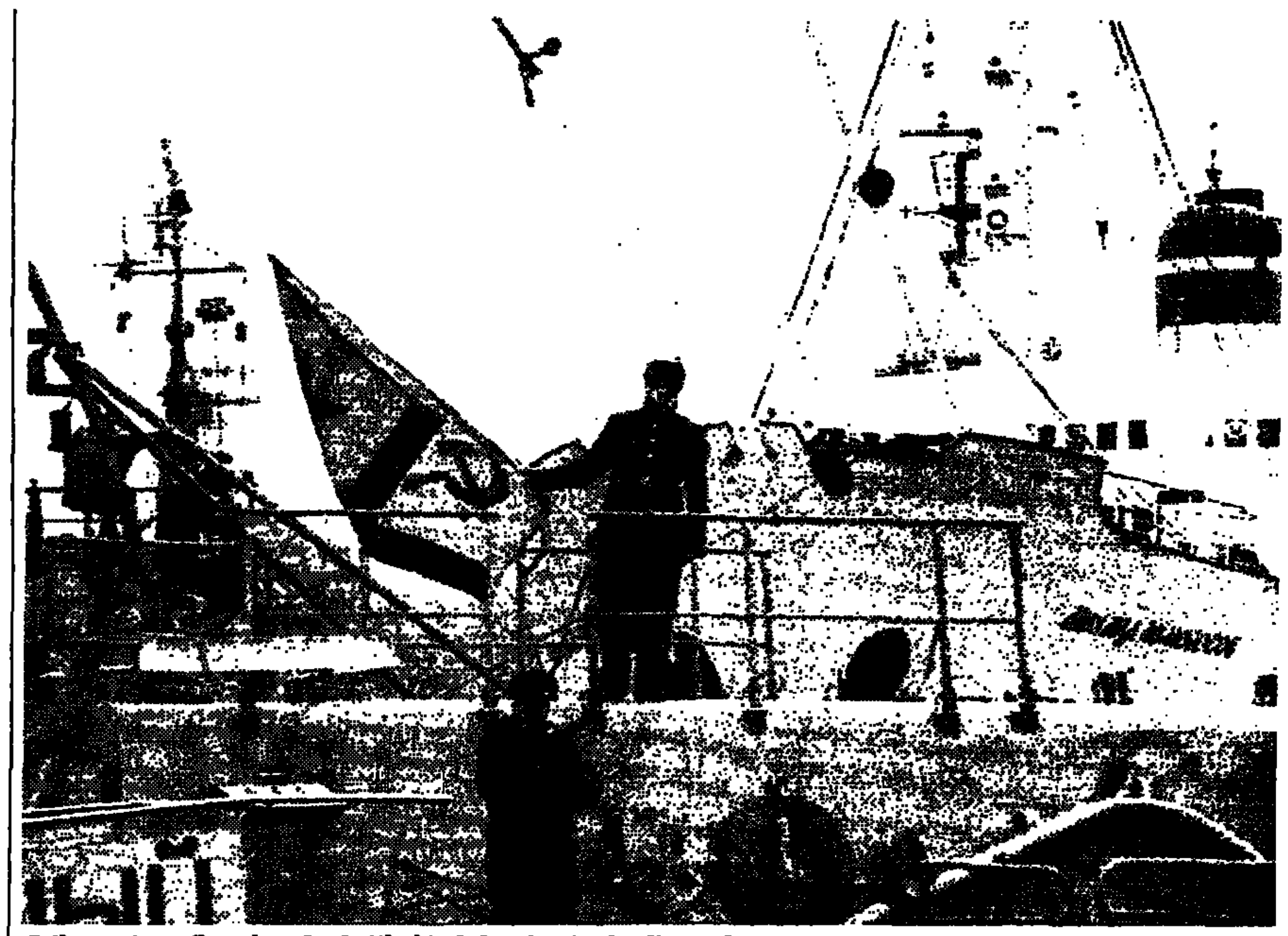
Mr Abdelmalek Benhabyles, the president of the Constitutional Council, was named interim head of state after Mr Chadli's resignation. Under the constitution, Mr Benhabyles has 45 days to organise a presidential election.

Algerian television was observing great discretion, avoiding virtually all reference to the upheaval, although French TV channels, which many Algerian homes can receive, were reporting the aftermath of Mr Chadli's resignation in detail.

France, the former colonial power, has plans to accommodate refugees who would flee an Islamic state in Algeria if one came into being, according to Mr Philippe Marchand, the Paris interior minister.

Meanwhile, Britain was among countries which advised their nationals to avoid travelling to Algeria because of the crisis.

The Foreign Office advised the 200 Britons living in the country to stay in touch with the embassy and "to take sensible precautions ... and avoid potential troublespots".



Sailors raise a flag aboard a battleship belonging to the disputed Black Sea fleet moored at Sevastopol

Bulk of Black Sea fleet to remain under central command

Republics settle naval quarrel

By John Lloyd in Moscow

RUSSIA and Ukraine have patched up their quarrel over control of the Black Sea fleet of the former Soviet navy, but overall control of the former Soviet military remains uncertain, and other republics are preparing to take over military units on their territories.

The Russian side appears to have come best out of the weekend talks with Ukrainian representatives in Kiev. The military, supported by Russia, had argued that the fleet was strategic, and as such belonged under central command – an agreement reached in Minsk on December 30 by members of the Commonwealth of Independent States gave Moscow control of strategic forces.

The agreement reached at the weekend lays down that an unspecified part of the fleet will be given to Ukraine. Ukrainian officials said after the meeting that ships capable of carrying nuclear weapons - estimated to be 70 per cent of the Black Sea Fleet's 45 warships and 300 smaller craft - would remain under central command.

Mr Vladimir Grynov, deputy leader of the Ukrainian parliament, was quoted by a Ukrainian reporter as saying: "The Black Sea Fleet is not worth the stability of relations between Russia and the Ukraine". The two states together make up more than two thirds of the population of the former Soviet Union.

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- Fears grow of Soviet nuclear brain drain
- Tax break plan for Russian investors
- Talks on Georgia handover
- Lithuanians turn attention to economy

An official communiqué issued yesterday after negotiations in Kiev did not mention the strong nationalist claims which prompted the dispute and which could still lead to further hard bargaining.

The statement said a section of the fleet would form part of the armed force which Ukraine is setting up. That force will be separate from a commonwealth force to be commanded jointly by other republics including Russia.

The statement also said an expert commission would meet within a week, and until then "the sides will refrain from any unilateral action on issues which are being examined."

Ukraine had previously demanded control from July of the whole Black Sea fleet, based at the Ukrainian port of Sevastopol, under a carve-up of former Soviet armed forces.

Western experts say the fleet currently carries no nuclear weapons, although it can be armed with nuclear-tipped torpedoes and cruise missiles now held in storage.

The agreement seems likely to satisfy the increasingly bellicose generals and admirals, but may run into difficulties in Ukraine, where Russian moves are more and more seen as the flexing of imperial muscles.

The talks were led by Foreign Minister Andrei Kozyrev and Deputy Prime Minister Sergei Shakhrai on the Russian side and Ukraine's Minister of State for Defence Viktor Antonov.

In Belarus, the third and smallest of the Slav republics, the parliament agreed on Saturday to subordinate all army units to Belarussian control, and to require from them an oath of allegiance. Mr Stanislav Shushkevich, parliamentary chairman, said Russia was trying to force troops in Belarus to sign an oath of allegiance to Russia.

Russian President Boris Yeltsin last week signed a decree making an oath of allegiance to Russia obligatory for all serving personnel. Other states have reacted in alarm to this move, and it appears to be stimulating counter moves in Kazakhstan and other Central Asian states.

A report in the daily Nezavisimaya Gazeta on Saturday said Russia would announce itself a full successor to the Soviet Union in military matters, under a decree being prepared for Mr Yeltsin's signature. The newspaper said the decree stipulates that Russia would command all former Soviet forces until the Commonwealth agreed a common line on defence, an event presently seems unlikely.

Germany plans sharp cuts in spending on military

By Christopher Parkes in Bonn

GERMANY is to make steep cuts in arms spending and is urgently reviewing alternatives to the costly European Fighter Aircraft (EFA) joint venture.

At the same time, the country will build up a rapid reaction force for international emergencies, Mr Gerhard Stoltenberg, defence minister, said at the weekend.

The cuts, expected to reduce planned spending by almost DM44bn (£15.55bn) over the next 13 years, represented the biggest economies in the history of the German armed forces, the minister said. This year's defence budget is DM52bn.

The overhaul of budgets and strategy, forced by shortages of federal funds and encouraged by the ending of the cold war, spells the end of the Leopard III battle tank and the Panther "tank-killer" projects, delays in construction of the U-212 submarine and reduced deployment of other land, sea and air weapons systems.

Germany defends interest rate policies ...... Page 12

A decision on whether Germany will buy 250 EFA aircraft, known in Germany as the Jäger 90, will be based on a report, due in the summer, on possible substitutes. These are believed to include France's Rafale and the Soviet-built MiG-29.

Whatever was decided, Mr Stoltenberg said, the air force needed a new fighter by 2000, and the DM12bn earmarked for the EFA was still in the medium-term military budget.

The planned rapid reaction force would be ready by 1995, and would comprise seven full army brigades, reinforced with several air force squadrons and vessels and men from the navy.

The German constitution at present limits deployment of forces to Nato territory, though an amendment is expected soon to allow them to take part in international actions under the aegis of the United Nations.

Mr Stoltenberg said the switch in focus to highly mobile military forces was in line with the Nato strategy adopted last year.

He said the end of the cold war had reduced the likelihood of an attack from the east on Germany, formerly the west's front-line state. But there were new tensions, like the war in Yugoslavia, which could endanger national security.

The minister's announcement drew fire from the military, which said morale in the 21 army brigades not involved in the rapid reaction force would be undermined by the lack of modern equipment and what was, in effect, an order to "stand down".

Morale has already been hit by cuts which were announced after unification 15 months

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They call it the worst job in Britain. But Bob Reid relished the challenge when he took over the chairmanship of British Rail two years ago. Now, after a series of disasters, he faces the final *humiliation* – privatisation of the railway. Page 28

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Top companies by market capitalisation and turnover

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Cheshire: Seeking to encourage a wider spread of wealth.

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Vehicle Fleet Management: why businesses are altering course on company car policies.

Fears grow of Soviet nuclear brain drain

AT LEAST half a dozen countries are thought to be eager to employ nuclear specialists from the former Soviet Union to help develop nuclear weapons, David White and Clive Cookson write.

According to western nuclear experts and military analysts, the potential head-hunters include Arab countries which had close military links with the Soviet Union: Iraq, Libya, Syria and possibly Algeria, which has recently been at the centre of a controversy over a reactor it is building with Chinese help.

On the other side of the Middle East conflict, Israel's active weapons programme could benefit from the emigration of Jewish nuclear scientists from the Soviet Union. India, Pakistan and Iran are seen as other likely destinations.

Last week a senior Russian scientist at the Kurchatov Institute of Atomic Energy in Moscow said at least two of his colleagues had recently received offers from Libya to work on peaceful uses of nuclear energy. The two turned down the proposals, which offered salaries of $2,000 (£1,100) a month – high by Russian standards but only a quarter the salary of a senior nuclear warhead designer in the US.

Some countries would be ready to pay "astronomical" sums, according to Mr Owen Greene, a specialist in international security at the University of Bradford.

Mr Victor Mironov, a 60-year-old Russian expert in plutonium processing, claimed last month that Iraq had offered him $100,000 in 1990 to join its nuclear programme. He refused, he said in a television interview, but "a young specialist did go and there are a lot of cases like that."

Western analysts estimate that 3,000 to 5,000 Soviet scientists have direct experience of plutonium production and uranium enrichment, two of the most sensitive proliferation activities. About 2,000 are involved in nuclear weapons design.

In total, there are tens of thousands of people in the former Soviet Union who could assist in nuclear proliferation in some way. It would probably be possible to keep track of the few "big fish" capable of designing a whole nuclear programme, Mr Greene said. But would-be proliferaters would also be keen to get technicians with laboratory experience.

Many analysts believe that foreign recruitment of Soviet scientists is a greater proliferation threat than the sale of nuclear materials. "All the plutonium and highly enriched uranium is in a few secure facilities in Russia," says Mr William Walker of the Science Policy Research Unit at the University of Sussex.

"Smuggling out the material is not easy, although there have been a few scare stories about it recently. On the other hand people are very mobile. Movement of people has had a big effect on the history of nuclear proliferation."

Mr Dick Cheney, the US defence secretary, warned in London last week: "I'm not certain that we can successfully stop those kinds of transfer."

The main Soviet nuclear laboratories and production facilities are in Russia. They employ mainly Russians and, to a lesser extent, Ukrainians. Very few scientists from the Moslem southern republics – regarded as the likeliest recruits for Arab nuclear programmes – belonged to the Soviet nuclear elite.

However Mr William Potter, director of the Centre for Russian and Soviet Studies at the Monterey Institute of International Studies in California, has learned from his Soviet contacts that there were also uranium enrichment facilities in Uzbekistan and Kirgizia.

Even so there is still little evidence, even anecdotal, of scientists being tempted to leave the former Soviet Union. Mr Wolfgang Panofsky, chairman of the US National Academy of Sciences Committee on International Security and Arms Control, said his Russian contacts had given no indications about scientists being approached. "To the best of our knowledge, they're staying where they are," he said. But he added: "It's a clear problem."

Mr Henry Plater-Zyberk of the Centre for Defence Studies in London said an immediate exodus was unlikely. Most employees engaged in nuclear weapon production lived in purpose-built towns. "For the time being they are probably being provided with the minimum," he said. But they would face a combination of economic disarray and a decline in nuclear spending.

"These are people whose future is intensely insecure," said Mr Greene, who along with some other observers is proposing that the west should pay the scientists and technicians to remove their incentive for going to Third World countries.

US proliferation specialists including Mr Potter are urging the Bush administration to "put Soviet nuclear experts to work cleaning up the enormous environmental damage caused by 40 years of nuclear weapons production."

Lithuanians turn attention to economy

Leyla Boulton returns to Vilnius a year after witnessing the clashes at the TV tower

ONE YEAR after Soviet troops killed 13 people in a failed crackdown on Lithuania's independence movement, barricades still surround the Baltic republic's parliament.

Despite winning independence last September, Mr Vytautas Landsbergis, the tenacious Lithuanian leader, says the barricades will remain until the last vestige of Soviet power – the army – leaves.

But 12 months after unarmed Lithuanians confronted tanks at Vilnius's television tower, much of this nation's dramatic heroism – commemorated in mournful ceremonies in the early hours of this morning – has given way to the painful task of rebuilding a country after half a century of Soviet occupation.

"Everybody is tired and complains about how difficult life is nowadays, but nobody wants to go back to the way things were before," said Saulius, a surgeon whose burning desire a year ago was for independence.

Now his main struggle is coping with the effects of price liberalisation on a monthly salary of Rbs1,500; petrol, for instance, has increased tenfold to Rbs4 a litre, even before Russia begins to charge the Baltics the international market rate for oil.

Once accused of devoting too much energy to battling Moscow at the expense of economic concerns, Lithuania has over the past year embarked on a wide-ranging programme of market reforms.

But, as one of the newly appointed western ambassadors (who are one of the more tangible signs of Lithuania's independence) pointed out, basic problems remain in implementing changes. Not least of these problems is a lack of qualified staff.

Lithuania is already receiving substantial technical assistance – a western-style banking system, for instance, is being built up with advice from Switzerland and the European Community – and there are promises of aid to develop transport and telecommunications infrastructure.

Although Lithuania is still nervous about the continued presence of 60,000 troops which it wants out this year – leaving behind weapons to help Lithuania build its own defence force – the republic's main worries are economic.

Poland and Lithuania are expected today to sign a declaration asserting the need for good relations. The two fell out last year when the Lithuanian government sacked local councils in Polish-inhabited areas, on the grounds that some ethnic Polish leaders supported the August coup whose defeat cleared the way for Baltic independence.

Mr Gediminas Vagnorius, the prime minister, said Russia was supplying only 40 per cent of the oil it promised to sell Lithuania this year. If no deal was reached, Lithuania would switch off electricity supplies to nearby Kaliningrad, the former German enclave which is now part of the Russian Federation.

While he was ready for a switch to trade in hard currency at world prices, he said Lithuania was waiting for trade levels with Russia to settle before introducing its own currency, the litas.

Meanwhile, Lithuania can only benefit from further delay in putting the litas in circulation. For instance, it needs help accumulating £110m worth of reserves to back its currency – but significant financial assistance from the west is likely only after July, when the republic expects to join the International Monetary Fund.

Despite the uncertainties of living with the rouble, a start has been made on privatising the state-owned economy. Each adult has been given a voucher entitling him or her to Rbs10,000 worth of housing, shares in factories or stakes in small businesses.

But Mr Vytenis Aleskaitis, appointed as minister for foreign economic relations to try to attract and help investors, says foreign investment is vital for Lithuania's survival as an independent state.

The government hopes foreign investors will take over and re-equip many of the larger enterprises, bringing badly needed managerial and marketing skills to the hard-working and cheap labour force.

This is why Mr Aleskaitis is asking parliament to approve a revamped investment law offering a five-year tax holiday for foreign investors who stay that long, and the right to lease land for 99 years or to buy it outright.

The government recently produced a list of 114 factories, shops and restaurants which are for sale in hard currency. Nobody has bought anything so far, but the government is pinning its hopes on tourism, textiles, furniture and some high-technology plants inherited from the Soviet defence industry.

Mr Aleskaitis also plans a closed tender for 20 companies to bid for a concession to exploit Lithuania's Genciai oilfields. These and other reserves were first exploited during Moscow's energy blockade of the rebel Baltic republic two years ago – but it will be some time before they can reduce Lithuania's dependence on oil imports.

Finally, the minister is seeking better access to foreign markets lost after Lithuania was cut off from the world by Stalin.

"It is very easy to lose markets but very difficult to get them back," he said.

Tax break plan for Russian investors

By John Lloyd in Moscow

ALL capital investment in Russia, foreign as well as domestic, may become exempt from tax.

Mr Alexander Pochinok, chairman of the Russian parliamentary commission on taxation, budget and prices, told the Interfax news agency he was asking parliament and the Russian government to amend the country's law on profits to exempt capital investment from taxation.

His statement follows strenuous protests by Russia's enterprise managers. They and Moscow business leaders met last Thursday to tell Mr Gavril Popov, Moscow's mayor, that business activity would decline unless taxes were reduced.

Under current law, businesses must pay 32 per cent profit tax – while those enterprises earning hard currency must exchange 40 per cent of it at half of the current market rate.

Meanwhile, at separate meetings of Russian and Ukrainian business people, the policies of the new governments of these states were denounced as anti-capitalist and the breaking of links between the republics was blamed for catastrophic drops in production.

Russian President Boris Yeltsin is likely to address the parliament this week on the economic situation – after meeting a barrage of complaints over high prices during a trip last week to the Urals and Volga regions. Prices have risen by up to 15 times in Russia and in other republics in the Commonwealth of Independent States, while shops have remained bare, stimulating protest demonstrations organised by neo-Communist hardliners in Moscow and St Petersburg and other cities yesterday.

In Ukraine, the parliament has demanded the resignation of the government because of "incompetence" in freeing prices, while municipal councils in eastern Ukraine, where most ethnic Russians live, are holding emergency meetings.

At the same time, the Ukrainian authorities are being squeezed by the new capitalists demanding lower taxes.

Associations bringing together business people, exchange managers and brokers have written to parliament protesting against a draft bill which would, they say, result in trading enterprises and exchanges paying a 65 per cent tax.

A gathering on Saturday of Russia's big enterprise managers under the leadership of the Scientific Industrial Union called on the state governments to end the "artificial" trade barriers blamed for destroying production.

Mr Yeltsin told the gathering that privatisation would be limited "for the present", with no plans for a "forced privatisation" of big enterprises.

● Tass news agency reported last night that Commonwealth leaders will meet in Minsk on January 24 to discuss economic issues, including the pace of economic reform.

A pro-Communist protester holds a portrait of Lenin during a rally in Moscow yesterday. Thousands of people demonstrated against rising prices outside the Kremlin, AP reports from Moscow. In a protest organised by several hardline groups, citizens furious with President Boris Yeltsin's price-reform decree gathered to demand that prices be brought back to state-subsidised levels.

Talks on Georgia handover

By Neil Buckley in Moscow

THE MILITARY council which seized control of Georgia after the flight of President Zviad Gamsakhurdia met parliamentary deputies of the republic yesterday to discuss transferring power back to a civilian government.

Mr Gamsakhurdia fled the country a week ago after a violent two-week siege of Tbilisi's government building in which latest estimates say that 113 people died, with 420 injured. He was still in Armenia this weekend, in a mountain retreat outside Idjevan, 40km from the Georgian border.

Mr Levon Ter-Petrosian, the Armenian president, said on Saturday he was offering Mr Gamsakhurdia and his family and personal guard temporary asylum in his republic, but all other supporters were being made to give up their weapons and leave the republic.

In Tbilisi, the leaders of the ruling military council agreed in principle to a swifter-than-expected handover of power, but this was delayed by the failure of a meeting of Georgia's parliament on Friday to reach a quorum. Only 57 deputies attended; 90 were required.

If parliament continues without a quorum, deputies have suggested it may be replaced by a national assembly composed of representatives of all parties, trade unionists, students, ethnic minorities, and local government officials.

Further violent incidents were reported in western Georgia, where support for Mr Gamsakhurdia remains strong. Railway services in the area have also been severely disrupted because of a strike by railway workers.

Tass quoted a local report that 7,000 passengers were trapped in about a dozen trains destined for Tbilisi and Yerevan, the Armenian capital.

Fighting also occurred outside Akhoitseki, on the border between Armenia and Georgia, when 60 Gamsakhurdia supporters trying to return home clashed with local police.

Claims by the former Georgia opposition now trying to consolidate power, that Mr Gamsakhurdia was trying to set up a dictatorship, were backed the human rights group Helsinki Watch. The group documented what it called "severe violations of human rights on the part of the Gamsakhurdia government".

These included violations of freedom of speech, freedom of teh press and the right to free assembly, as well as the imprisonment and ill-treatment of political opponents.

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Bosnia officials fear Yugoslav war spreading

By Judy Dempsey in Sarajevo

THE UN decision not to send peace-keeping troops to the ethnically-mixed central Yugoslav republic of Bosnia-Hercegovina raises the possibility of war spreading to the region, government ministers in Sarajevo said at the weekend.

Moreover, Bosnian officials warned that if the European Community did not recognise the republic next Wednesday, both Croatia and Serbia would attempt to carve it up, even though this would lead to heavy loss of life.

Mr Haris Silajic, foreign minister of Bosnia-Hercegovina, said the UN decision on peace-keeping troops was part of a compromise designed to persuade Mr Slobodan Milosevic, Serbian president, to accept the international organisation's peace plan for Croatia.

That plan, agreed earlier this month by the governments of Croatia, Serbia and the federal army, envisages the deployment of 10,000 troops in three areas in Croatia, including the self-proclaimed Serb-inhabited republic of Krajina, south-western Croatia.

But Mr Silajic and Mr Alija Izetbegovic, president of Bosnia-Hercegovina, said in separate interviews that peace in Croatia would not mean peace throughout the rest of Yugoslavia.

Bosnia-Hercegovina's coalition government consists of Moslems, Serbs and Croats, the three main ethnic groups of the republic's 4.3m population.

The Bosnian Serbs, led by Mr Radovan Karadzic, who is a close ally of Mr Milosevic, opposes moves by the republic's Croats and Moslems to seek EC recognition of independence.

Mr Silajic said Mr Karadzic wanted to make Bosnia-Hercegovina part of the new, smaller Serb-dominated Yugoslavia. "He has declared the independence of the Serb communities in the republic, and insists he wants this region to be part of the new Yugoslavia."

The EC's recognition of Bosnia-Hercegovina's independence would legitimise the republic's borders, and give the government in Sarajevo power to place the army under political control, or else ask it to leave the republic altogether.

Government officials in Sarajevo also have no doubt that Mr Franjo Tudjman, president of Croatia, wants part of Bosnia to compensate for any loss of Croatian territory to Serbia through the civil war.

Bosnia's Croats are organised under the Croatian Democratic Union (HDZ) of Bosnia, which is a member of the government coalition and is led by Mr Stjepan Kluijic. The group is the sister party of Croatia's ruling HDZ. Mr Kluijic admits he is "a creation of Tudjman, but I do not support Tudjman's attempts to carve up Bosnia."

However, Mr Kluijic, a moderate, is under increasing pressure from the nationalist wing of his party.

Zhelev favourite in Bulgaria poll

BULGARIAN President Zhelyu Zhelev was the favourite in the country's first presidential elections yesterday, but his closest rival predicted he would force a run-off, AP reports from Sofia.

About 6.5m Bulgarians chose among a record 21 candidates. Mr Zhelev, 56, a philosopher and former dissident under Communist rule, may not gain the required 50 per cent to avoid a run-off next Sunday.

Mr Zhelev is the candidate of the anti-Communist Union of Democratic Forces (UDF), which narrowly won parliamentary elections last October. The Socialist party, the former Communist party, has backed Mr Velko Valkanov, 54, who is running as an independent. He said: "I think that nobody is going to win today."

Twelve parties said before the vote that they would support Mr Zhelev.

Swedish coalition keeps its economic nerve

Robert Taylor on domestic risks of the new government's budget

THE FIRST budget of Sweden's non-Socialist coalition government, unveiled last Friday, may carry high domestic political risks – its enemies on the left label it a call to class war. But it has won the apparent approval of business opinion at home and overseas.

Not only did the Stockholm bourse index rise strongly last week in response to leaked budget details, but market interest rates fell as well. The budget should end speculation that the krona is to be devalued.

Mrs Ann Wibble, the finance minister, must be pleased by this reaction to her tough proposals, which will cut government spending by SKr24bn (£2.3bn) next year. Foreign observers grew accustomed over the past 20 years to seeing Swedish governments attempting to solve their country's economic ills by currency manipulation and public sector spending sprees.

Sweden's economy is more dependent than ever on the outside world since foreign exchange controls were scrapped 2¼ years ago, the krona was pegged to the Ecu, and Sweden applied to join the European Community last summer.

Mrs Wibble signalled in her budget that the government would not be blown off course by the recession and intended to stick to its ambitious medium-term free-market strategy – announced when it took office last October – to make the Swedish economy more competitive and productive through structural reforms to encourage private initiative. This is what has ensured overseas confidence and calmed the markets.

The aim of Mr Carl Bildt, prime minister, and his colleagues is ambitious: to transform Sweden into a high-growth, enterprise economy by the time it is expected to join the EC on January 1 1995.

Such an objective continues to give the non-Socialist minority coalition a cohesion, élan and self-confidence that has surprised many observers who feared the four parties in government would spend much of their time squabbling. The aggressive style of the government belies the fact that it lacks a parliamentary majority and must rely on the support of the populist right-wing New Democracy party to ensure that its policies are implemented.

The relative success of Mr Bildt's first 100 days can be judged by the exaggerated reaction to the budget from the main Social Democratic opposition. Its leader, Mr Ingvar Carlsson, called it a "national catastrophe".

The Social Democrats seem to be abandoning the market-oriented strategy they also pursued in their last two years in government, before losing last September's general election. "Their analysis was similar to our own before they left power," says Mrs Wibble. There is more continuity between Mrs Wibble's budget and that of the Social Democrats in 1991 than either side cares to admit.

But Social Democratic dislike for Mr Bildt seems greater than the party's wish to remain consistent. In fact the present government proposes to spend more on labour market programmes than the Social Democrats ever did, while public spending as a proportion of gross national product will go up to 64.2 per cent next year from 61.7 per cent in 1990. This is hardly a sign Mrs Wibble has embraced the ideology of Thatcherism, as her opponents suggest.

The real test of the new government's resolve is likely to come 12 months from now as registered unemployment climbs from 3.4 per cent to 4.5 per cent and perhaps beyond, a figure which is high for Sweden although smaller than almost anywhere else in western Europe. If opinion polls show by then that support for the non-Socialist parties is ebbing, pressure for a change in economic direction may break the coalition.

Time is not on the side of the Bildt-Wibble economic strategy. Sweden has general elections every three years and the government must face the voters again in September 1994.

This will make it hard for the government to show positive results for its free-market approach before the next polls, especially if the world's recovery from recession is delayed. The government is hoping for an export-led industrial revival next year; it expects 0.2 per cent negative growth this year and a modest improvement of 1.3 per cent in 1993.

An even more dangerous threat could yet derail the Bildt-Wibble approach. Leading Social Democrats are warning that the government will endanger Sweden's bipartisan approach to EC membership if people believe its economic policies are a necessary precondition for EC entry.

Mr Bildt fears that in opposition the Social Democrats might behave as the British Labour party did in the early 1970s over Europe, and renege on their EC commitment to preserve internal unity.

Such a U-turn still looks unlikely, but Sweden will hold a national referendum in 1994 on whether to join the EC on the terms negotiated with Brussels. This could yet split the country.

Pierre Bérégovoy: offered cheering news for markets

Super-Béré lights pension touchpaper

Pierre Bérégovoy's reform plan could ignite an emotive issue despite backing from French markets, writes Alice Rawsthorn

WHENEVER French stockbrokers gather to grumble about the lacklustre state of the Paris markets, one topic is virtually guaranteed to cheer them up – private pension schemes.

The prospect of an expansion in private pensions, which are rare in a country where almost all pensions are administered by the state, has long been regarded as the best way to provide an influx of investment for the French stock market, thereby solving its long-term liquidity problem.

It is against this background that a brief reference to plans for pension reform in a conference speech given last Thursday by Mr Pierre Bérégovoy, the French finance minister, was enough to send the CAC 40 index soaring.

All Mr Bérégovoy, or "Super-Béré" as the French press calls him when particularly impressed by his rigid economic policy, said was that he hopes in early April to produce proposals to reform the *fonds salariaux*, the corporate pension schemes used by a small number of senior French executives, and to introduce a tax-efficient personal equity plan. This news was interpreted by the Paris financial markets as confirmation that the long-awaited reform of France's pension system was under way.

The prospect of pension reform may be cheering news for the financial markets, but for the bureaucrats in Mr Bérégovoy's ministry it presents one of the most complex challenges they could encounter.

At present almost all French pensioners, with the exception of the minority belonging to the *fonds salariaux*, receive their pensions from the state. The system is administered by the Caisse de Retraite, a state body paying out pensions from the money it receives from the employed.

This system worked well in the 1950s and 1960s when France had a large pool of young workers and proportionally fewer pensioners for them to support.

But in recent years, as the population has aged and the number of young people moving into the labour market has fallen, the system has come under pressure.

This problem seems set to intensify as the population ages further. Most demographic forecasts suggest that by the year 2020 there will be more people of pensionable age in France than there will be working to support them, threatening to throw the system into chaos.

The obvious solution is for France to follow the precedent set by other countries, notably the UK and the Netherlands, by encouraging the use of private pensions.

But such a course is fraught with potential problems.

First, there is a short-term political hurdle in the hostility of the powerful trade union lobby to the concept. There is also the logistical difficulty that, until the first tranche of private pensions comes to fruition, those people in work will not only have to continue contributing to the state system – to provide pensions for their elderly compatriots still dependent on the state – but will also have to pay for their own private pensions. Such a package would be difficult for France's embattled Socialist government to sell to the electorate.

Mr Bérégovoy and his advisers also have to devise a means of encouraging people to invest in private pensions – which will almost certainly involve offering tax concessions – without running the risk of forfeiting too much government revenue at a time when budgets are already under strain.

Pension reform would almost certainly create a potentially lucrative new market for the banks, insurance companies and other finance houses that have been waiting eagerly to launch pension and savings products.

More important, the development of private pension funds should, eventually, provide a sorely needed source of investment for the equity and bond markets.

The French equity market in particular has long suffered from a lack of liquidity; the absence of the large private pension funds that bolster the London market is seen as one of the chief causes of the problem.

The emergence of such funds could also have far-reaching consequences for the whole French corporate scene, which tends to be dominated by established industrial interests and the big banks.

The new breed of private institutions should be able to take up the cudgels on behalf of other shareholders who, as the recent rows over the takeover bids for Source Perrier mineral water and Au Printemps retail groups attest, frequently feel that their interests are neglected.

As a result the French markets ought to be able to look forward to a future in which they not only become more liquid but also more orderly, if Super-Béré and his bureaucrats succeed in solving the thorny pension problem.

Intel overtakes rivals in integrated circuit sales

By Michiyo Nakamoto

TWO OF Europe's leading semiconductor manufacturers fell behind Intel, the US company, in sales of integrated circuits (ICs) to the European market last year, according to an annual rankings list published today by Dataquest, the market research company.

Intel overtook both Siemens of Germany and SGS-Thomson, the French group, to become the second largest supplier last year after Philips Components, the Dutch group, in the European market for ICs.

However, in the total European semiconductor market – which includes devices such as micro controllers and opto-electronic components – all three European manufacturers retained their positions as the top three suppliers to Europe.

Philips led the rankings, followed by Siemens, with SGS-Thomson coming in third.

But Intel beat Texas Instruments (TI), another US group, to fourth place. TI is the European leader in bipolar standard logic technology, a sector which fell 13 per cent last year.

Intel, which is the leading manufacturer of microprocessor chips, saw the strongest growth among the top 10 semiconductor companies in Europe, of 22 per cent in dollar terms.

This compares with 6.6 per cent growth for the European semiconductor market to $11.37bn on a dollar basis and 10.3 per cent to Ecu9.29bn ($12bn) as measured in European currency units.

The US group's achievement stemmed from its strong hold on the European market for IBM compatible microprocessors, where it enjoys a 35 per cent market share.

Intel's strength was underpinned by the move last year by computer manufacturers to higher performance and higher priced microprocessors, a sector in which Intel enjoys a strong lead. Microprocessors were not hit by price erosion as in other sectors of the market.

Europe's top three semiconductor manufacturers, on the other hand, experienced sluggish growth in 1991 as the main markets they supply were hit by recession.

All three European manufacturers suffered from a heavy dependence on markets which declined last year.

In worldwide semiconductor market share, the Japanese companies retained the top three slots, with NEC taking an 8.5 per cent market share followed by Toshiba with 8.2 per cent and Hitachi with 6.7 per cent. Their strength was supported by resilience in the Japanese consumer electronics market, particularly in camcorders.

EUROPEAN SEMICONDUCTOR RANKINGS
Preliminary estimates

	1990 rank	1991 rank	1990 sales $m	1991 sales $m	1991 market share %
Philips	1	1	1,155	1,172	10.3
Siemens	2	2	964	958	8.4
SGS-Thomson	3	3	908	887	7.8
Motorola	4	4	765	770	6.8
Intel	6	5	622	760	6.7
Texas Instruments	5	6	637	629	5.5
Toshiba	7	7	490	509	4.5
NEC	8	8	417	452	4.0
National Semiconductor	9	9	408	408	3.6
Hitachi	10	10	273	318	2.8

Source: Dataquest

Sicilian court releases Parretti

MR Giancarlo Parretti, the Italian financier who is attempting to regain control of MGM-Pathé Communications, has been released from a Sicilian jail after 15 days and allowed to leave the country, writes Haig Simonian in Milan.

Mr Parretti was arrested by Italian tax officials on December 27 on a string of charges involving alleged tax fraud and illegal money transfers.

His lawyers successfully argued that he had been on bad terms with those implicated in the alleged fraud, and could not therefore have masterminded the operation. However, they accepted the court's condition that Mr Parretti should not take on any positions of responsibility in Italian companies.

Mr Parretti's surprise release may allow him to resume the complex US legal battle with Crédit Lyonnais Bank Nederland (CLBN), the French-owned bank which has won control of MGM-Pathé.

At his arrest, Mr Parretti said he was on his way to meetings in Tunisia and Egypt to get financial backing to regain control of the company.

Wide differences found in handling civil claims

EC legal inconsistencies assailed

By Robert Rice, Legal Correspondent

INCONSISTENCIES in the handling of civil claims across the European Community are preventing consumers from benefiting equally from community laws, according to a report* published today.

The report by London solicitors Davies Arnold Cooper, for Tokio Marine & Fire Insurance, says differences in procedures in the civil courts of member states will continue to undermine the purpose of EC directives in terms of both the speed at which they are implemented by EC countries and the way they are enforced.

The average time between issuing a writ and obtaining judgment in EC countries varies from six months in Greece and Germany to 42 months in Italy. "How can it be fair within an economic community for litigation to drag on for as long as five years in one country and only for six months or less in another?" the report asks.

The authors are also critical of the variation in eligibility for legal aid in EC countries, which it says cannot be justified by local factors.

The maximum disposable income limits in the member states after which a litigant becomes ineligible for legal aid vary from $27,600 in Denmark to $5,200 in Portugal. No legal aid at all is available in Greece or Luxembourg.

These inconsistencies, when combined with inconsistencies in the level of damages in personal injury cases, suggest the EC is unwilling to grapple with the difficulties of seeking uniformity between member states in order to ensure that important community measures are consistently applied.

A study carried out by Davies Arnold Cooper in 1990 showed average damages for a fatal accident varied from $764,400 in Germany, where it takes on average six months to litigate, to $218,400 in Denmark, where a civil claim takes an average of two years.

"If the single market is to mean anything, Europe's legal systems and levels of damages must be standardised," the report says.

The authors call for:

- an EC working party with senior judges from each member state to look at standardisation;
- the interchange of EC judges;
- harmonisation of time limits for starting cases and the type of recoverable legal costs;
- published guidelines for EC lawyers' fees;
- and standardisation of legal aid funding and administration.

*Civil Procedures in EC Countries, Davies Arnold Cooper, Lloyds of London Press, £125

Radical reform of Irish tax system called for

By Tim Coone in Dublin

AN ADVISORY body to the Irish Department of Industry has recommended an urgent overhaul of the country's tax system, just three weeks before the government is due to present its 1992 budget.

The Industrial Policy Review Group (IPRG), made up of leaders of Irish industry, financial institutions and trade unions, in a report published last week, noted: "It is time for the government... to take the hard political decisions and decisive action needed for a thoroughgoing reform of our taxation system."

The report criticises the pervasiveness of ad-hoc tax breaks and incentives in the economy "which have no coherent pattern or logic". It recommends their phased reduction or elimination, in order to bring down personal taxation rates, which are among the highest in the EC.

"Single persons on very little more than the average industrial wage pay a marginal tax rate of almost 60 per cent," the report says.

Such a reform, the report argues, would drastically reduce the need for special reliefs and allowances which are now used "to promote activities perceived as necessary for economic development".

The IPRG also recommends that the special 10 per cent corporate tax rate applying to manufacturing industry should not be extended to new sectors, or beyond the year 2010.

"The 10 per cent rate has been far more valuable to foreign-based than to Irish-owned industry," the IPRG says, although it recognises that it has been "the single most effective tool in inducing inward foreign investment". Standard-rate corporation tax is 40 per cent.

Russia cuts natural gas supplies to Poland

RUSSIA has cut by half its deliveries of natural gas to Poland, adding to Warsaw's economic uncertainty in face of protests over the steep new year price increases for energy, AP reports from Warsaw.

Mr Andrzej Olechowski, deputy foreign trade minister, said yesterday that Russian exporters had informed Polish companies of reduced deliveries since the government in Moscow had failed to set export quotas for natural resources for 1992.

"We do not consider the situation serious because it is only a result of bureaucratic delays," Mr Olechowski.

The Solidarity trade union, along with two other big labour federations, had called for strikes today and on Thursday to protest at the price increases for natural gas, electricity and hot-water heating.

Dissatisfaction with the hardships of market reforms pose a threat to the stability of Poland's three-week-old government of Prime Minister Jan Olszewski. The price rises, ranging from 20 to 100 per cent, result from increased expenditure on energy and lower government subsidies.

Following "energetic" intervention in Moscow, deliveries are expected to return within the next few days to the levels set by a trade agreement between Russia and Poland, Mr Olechowski said.

After months of uncertainty in trade with the former Soviet Union, which for decades had been Poland's biggest trading partner, the deal on December 24 deal provides for deliveries of 8.1bn cubic metres of natural gas and 5m tons of oil in return for Polish foodstuffs and medicines.

The switch in 1991 to hard currency payments in trade within the former eastern bloc and economic turmoil in the former Soviet Union saw a 60 per cent decline in trade between Poland and its neighbour.

Lisbon urges sharper EC trade policy

By Patrick Blum in Lisbon

PORTUGAL will press for closer links between the European Community's trade and industrial policies during its current six-month EC presidency, according to Mr Luis Fernando Mira Amaral, the Portuguese industry and energy minister.

He said Portugal fully supports moves by Mr Jacques Delors, the EC Commission president, to introduce measures in the Community's next financial package to improve the competitiveness of European industry against a sharpening challenge from the US, Japan and newly industrialised countries.

This was made more urgent by the trade liberalisation envisaged in the Uruguay Round negotiations. Such moves had to be accompanied by measures to strengthen Europe's industrial competitiveness.

"There is no idea of returning to protectionism," he said, emphasising that existing agreements between the EC and Japan for the motor industry already implied the development of to help Europe's car industry. This should be extended not only to sectors such as aerospace and electronics, but also to traditional industries such as textiles.

A Community policy to boost industrial competitiveness was a logical "internal" counterpart to its external trade policy, he said.

Correction

OECD export credit rates

The new minimum OECD export credit rates published on Page 3 of the Financial Times on January 10 are January 15 to February 14 1992 (not February 2 as stated).

INTERNATIONAL ECONOMIC INDICATORS: PRODUCTION AND EMPLOYMENT

Yearly data for retail sales volume and industrial production plus all data for the vacancy rate indicator are in index form with 1985=100. Quarterly and monthly data for retail sales and industrial production show the percentage change over the corresponding period in the previous year, and are positive unless otherwise stated. The unemployment rate is shown as a percentage of the total labour force. Figures for the composite leading indicator are end-period values.

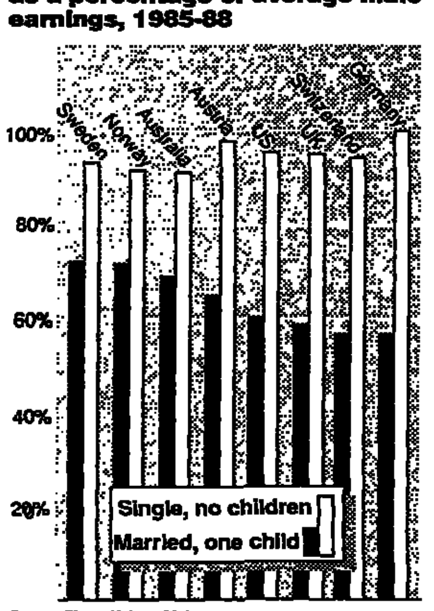
	UNITED STATES Retail sales volume	Industrial production	Unemployment rate	Vacancy rate indicator	Composite leading indicator	JAPAN Retail sales volume	Industrial production	Unemployment rate	Vacancy rate indicator	Composite leading indicator
1984	95.3	98.3	7.4	96.2	98.4	96.9	96.4	2.7	100.5	93.9
1985	100.0	100.0	7.1	100.0	103.0	100.0	100.0	2.6	100.0	96.6
1986	105.7	101.0	6.9	98.0	108.2	106.5	99.7	2.8	94.3	105.3
1987	108.3	105.9	6.1	105.5	110.0	113.8	103.1	2.8	108.3	115.3
1988	112.2	111.6	5.4	106.1	114.4	122.8	112.9	2.5	135.9	122.9
1989	114.7	114.5	5.2	99.3	113.4	132.8	119.9	2.3	147.0	126.4
1990	114.2	115.7	5.4	84.5	109.3	142.0	125.3	2.1	149.7	124.3
4th qtr.1990	−2.1	0.3	5.8	72.7	109.3	3.2	6.9	2.1	153.2	124.3
1st qtr.1991	−3.8	−2.3	6.4	64.5	111.0	3.0	6.0	2.0	148.0	124.7
2nd qtr.1991	−1.6	−2.8	6.7	63.0	112.3	2.6	3.1	2.1	146.4	124.1
3rd qtr.1991	−1.3	−2.2	6.7	60.9	111.1		1.2	2.2	142.1	125.3
December 1990	−3.5	−1.3	6.0	70.6	109.3	3.2	6.1	2.1	153.7	124.3
January 1991	−5.9	−0.8	6.1	66.3	109.6	3.7	7.8	2.0	153.3	124.4
February	−3.2	−2.6	6.4	64.3	110.3	2.9	6.8	2.0	148.5	124.6
March	−2.1	−3.6	6.8	63.1	111.0	2.4	3.5	2.1	142.6	124.7
April	−2.1	−3.0	6.5	62.7	111.2	2.5	3.8	2.1	152.6	124.5
May	−1.1	−2.7	6.8	62.5	111.9	1.8	4.3	2.1	148.4	124.1
June	−1.7	−2.5	6.9	63.7	112.4	3.4	1.1	2.1	140.5	124.1
July	−1.2	−2.1	6.7	61.1	112.2		2.5	2.2	150.3	124.3
August	−1.8	−2.3	6.7	60.6	111.7		0.1	2.2	138.0	124.6
September	−0.8	−2.2	6.6	60.9	111.1		0.9	2.2	137.7	125.3
October		−1.5	6.7	58.3	111.2		−1.8		144.8	125.4
November		−0.5		59.1			−0.6			

	GERMANY Retail sales volume	Industrial production	Unemployment rate	Vacancy rate indicator	Composite leading indicator	FRANCE Retail sales volume	Industrial production	Unemployment rate	Vacancy rate indicator	Composite leading indicator
1984	99.2	98.0	7.1	83.4	100.0	99.3	99.3	9.7	100.5	98.5
1985	100.0	100.0	7.2	100.0	104.3	100.0	100.0	10.2	100.0	101.8
1986	103.6	102.2	6.4	136.4	104.0	102.4	101.1	10.4	107.2	108.1
1987	107.4	102.5	6.2	149.4	105.1	104.5	103.1	10.5	117.6	107.6
1988	110.6	108.2	6.2	164.7	111.4	107.9	107.3	10.0	134.9	113.0
1989	113.7	111.4	5.6	218.9	114.4	109.6	111.3	9.4	161.3	112.4
1990	122.9	117.2	5.1	261.5	115.0	110.1	112.7	8.9	165.6	104.2
4th qtr.1990	8.6	5.1	4.7	258.0	116.0	0.6	−0.2	8.9	150.1	104.2
1st qtr.1991	11.6	4.8	4.5	266.5	113.0	−0.5	0.7	9.0	133.1	104.4
2nd qtr.1991	9.5	5.4	4.5	277.4	113.1	−1.4	0.0	9.3	130.1	106.0
3rd qtr.1991	−0.2	1.8	4.6	277.4	112.8	0.0	−0.9	9.5	132.4	106.3
December 1990	7.3	3.8	4.6	262.9	115.0	0.6	−1.6	8.9	143.0	104.2
January 1991	14.1	5.9	4.5	264.9	114.0	−0.3	1.5	8.9	137.2	104.0
February	9.7	4.0	4.5	264.1	113.7	−1.6	2.0	9.0	130.1	104.1
March	11.1	4.5	4.5	270.6	113.0	0.5	−1.5	9.0	132.0	104.4
April	8.8	6.7	4.5	274.2	112.7	0.4	−0.1	9.1	129.1	106.0
May	6.7	3.0	4.5	276.6	113.0	−2.0	0.0	9.3	129.5	105.6
June	13.1	6.6	4.5	281.5	113.1	−2.5	0.2	9.4	132.0	106.0
July	2.8	3.6	4.6	280.7	112.7	3.2	−1.0	9.5	134.9	106.2
August	−2.7	1.1	4.6	280.7	112.9	−0.8	−1.0	9.5	134.1	106.5
September	−0.8	0.7	4.5	270.9	112.8	−2.4	−0.8	9.6	128.0	106.3
October	1.7	0.7		261.1	113.0		0.4	9.6	124.5	105.6
November		2.3		255.4						

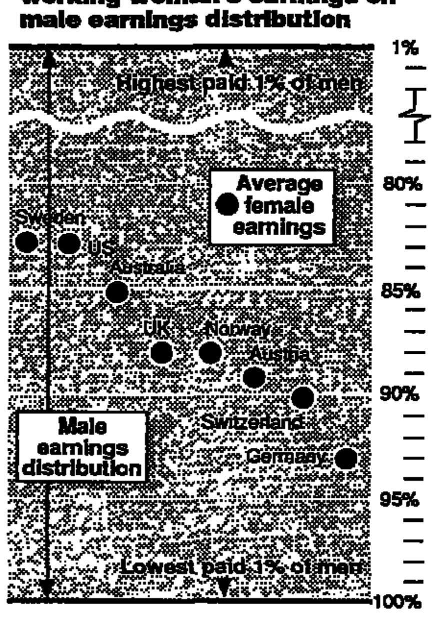
	ITALY Retail sales volume	Industrial production	Unemployment rate	Composite leading indicator	UNITED KINGDOM Retail sales volume	Industrial production	Unemployment rate	Vacancy rate indicator	Composite leading indicator
1984	95.8	98.6	9.3	101.2	96.6	94.8	11.7	93.7	100.7
1985	100.0	100.0	9.6	103.7	100.0	100.0	11.2	100.0	102.4
1986	108.0	104.1	10.4	110.5	105.2	102.4	11.2	116.1	105.2
1987	113.8	106.8	10.9	112.7	110.7	105.7	10.3	141.2	109.4
1988	110.2	114.2	10.9	117.8	117.7	109.5	8.5	144.3	108.2
1989	117.9	118.7	10.9	116.0	119.9	109.9	7.1	124.7	106.0
1990	114.3	118.0	9.8	112.2	120.4	109.3	6.9	97.9	102.4
4th qtr.1990	−2.6	−4.0	9.8	112.2	−1.2	−3.2	7.3	78.9	102.4
1st qtr.1991	1.3	−1.7	10.0	113.4	−0.7	−3.0	8.2	81.8	102.8
2nd qtr.1991		−2.2	10.0	113.9	−1.9	−5.8	9.2	64.0	103.8
3rd qtr.1991		−4.3	9.6	114.3	−0.4	−2.3	9.9	61.0	106.2
December 1990	−1.6	−5.4	n.a.	112.2	−1.2	−4.1	7.6	75.7	102.4
January 1991	3.4	0.1	n.a.	112.2	−1.5	−3.7	7.8	82.2	101.9
February	−5.9	−2.4	n.a.	112.5	−2.6	−2.1	8.1	82.2	102.2
March	6.4	−2.8	n.a.	113.4	1.9	−3.2	8.6	81.0	102.8
April	−8.3	−4.0	n.a.	113.9	−2.1	−6.6	8.9	70.3	103.3
May	−7.0	−2.8	n.a.	114.0	−3.2	−6.0	9.2	63.1	103.6
June		0.3	n.a.	113.9	−0.4	−5.0	9.4	58.6	103.8
July		−2.0	n.a.	113.7	−0.5	−2.0	9.7	60.1	104.3
August		−7.7	n.a.	114.2	−0.1	−2.7	9.9	61.6	105.3
September		−3.1	n.a.	114.3	−0.5	−2.2	10.1	61.5	105.2
October			n.a.		−0.1	−1.2	10.1	59.8	106.7
November			n.a.		1.6			63.3	

All series seasonally adjusted. Statistics for Germany apply only to western Germany. Data supplied by Datastream and WEFA. Retail sales volume: data from national government sources except Japan and Italy (value series deflated by OECD using CPI). Refers to total retail sales except France and Italy (major outlets only) and Japan (department stores only). Industrial production: data from national government sources. Includes mining, manufacturing, gas, electricity and water supply industries except Japan (mining and manufacturing only) and UK (also includes construction industries). Unemployment rate: OECD standardised rate which adjusts as far as possible for the different definitions of unemployment used in official sources. Vacancy rate indicator: relevant vacancy measure divided by total civilian employment, expressed in index form. Derived from OECD series. US – help wanted advertising, Japan – new vacancies, Germany and France – all jobs vacant, Italy – no data available, UK – unfilled vacancies. Composite leading indicator: OECD data. Each is a combination of series, cyclical fluctuations in which usually precede cyclical fluctuations in general economic activity.

Average female hourly earnings as a percentage of average male earnings, 1985-88



Position of average married working woman's earnings on male earnings distribution



Source: Blau & Kahn (1991)

How wage inequality affects working women's pay

THE CROSS-COUNTRY variation in the average wages of women, relative to those of men, has grown over the past two decades. By the late 1980s, the average hourly wages of women ranged from 80-90 per cent of men's in Scandinavia and Australia, to 70-80 per cent in continental Europe and 65-70 per cent in the US and UK. This variation is often thought to prove that there remain national differences in the obstacles that women face in the labour force, compared to those facing men. But this simple comparison is misleading.

There is little cross-country variation in the gender wage gap for single women with no dependents. The bulk of each country's overall gender gap, as well as the variation across countries, is explained by the lower wages of married women with children, relative to married men's (as the left-hand chart shows). It is not surprising that the gender-gaps are larger for married women with children than for single women. Most married women take time off work to bring up children. As a result, the average married woman has less work experience than the average married man. Moreover, the fact that married women may take time off work in the future may make it less attractive either for them or their employers to invest in training. Prohibitively expensive child-care may also force women to return to part-time and so lower-paid employment.

What is surprising is that American married women appear to fare so poorly compared to women in other countries. The US has a commitment to equal pay and equal employment opportunity legislation that predates other countries by at least a decade. A relatively high percentage of the female US population is in employment: 66 per cent compared to 60 per cent in Australia and 59 per cent in Britain. US women are less likely to be employed in typically "female" occupations or industries. Moreover, a lower percentage of employed women in the US work part-time: 24 per cent compared to 37 per cent in Australia, 45 per cent in Britain and 46 per cent in Sweden.

According to a recent study by Ms Francine Blau and Mr Lawrence Kahn at the University of Illinois, the main reason for the relatively large US gender gap is the high level of US wage inequality.

The authors identify two separate causes of the variation in the size of the gender gap across countries: a *gender effect*, and a wage *inequality effect*. The gender effect measures how differences in skills and experience, and other obstacles to female employment, reduce the relative position of average married women's earnings within the male wage distribution. The wage inequality effect measures the extent to which the dispersion of the male earnings distribution reduces average married women's earnings relative to average male earnings.

For each country, the position of the average married woman's hourly earnings in the male wage distribution – the percentage of men that earn more than the average married woman – is shown on the right-hand chart. The position of the average married woman in the US male wage distribution is the same as in Sweden and higher than in every other country in the sample. In the US and Sweden, 83 per cent of married men earn more than the average married woman, compared with 88 per cent in the UK and 93 per cent in Germany.

It is the wage inequality effect, therefore, not the gender effect, that explains why US married women earn less, as a proportion of average male earnings, than Swedish women. The average married woman in both countries earns more than the bottom 17 per cent of men. But the bottom 17 per cent of US men earn a smaller proportion of the average male wage than the bottom 17 per cent of Swedish men. If Sweden, Britain and Germany all had American-style wage inequality, the difference in the gender gaps between the US and Sweden would disappear. But married women in the UK and Germany would still fare relatively badly. So reducing the degree of wage inequality is one important way to raise women's wages relative to those of men.

Edward Balls

* *F.D Blau & L.M.Kahn, "The Gender Earnings Gap: Some International Evidence"; University of Illinois at Urbana-Champaign, 1991.*

INTERNATIONAL NEWS

Bush trip to Japan under renewed attack

Lionel Barber in Washington

PRESIDENT Bush's trip to Japan came under renewed attack yesterday, with Democrats dismissing claims that the bilateral trade talks would create jobs to revive the sluggish US economy.

Senator Lloyd Bentsen, chairman of the Senate finance committee, said he would summon business leaders and administration officials who took part in the trip to appear at hearings later this month.

This could prove embarrassing for Mr Bush, since the chief executives of Ford, General Motors and Chrysler all expressed dissatisfaction with the results of the trip – undermining White House efforts to brand it a success.

Mr Brent Scowcroft, the president's national security adviser, put a brave face on the talks yesterday, but conceded that the emphasis on the motor industry had distracted public attention from broader goals such as US-Japan co-operation in the post-Cold War era.

On balance, he said, it had been a good idea to invite US business leaders because of the need to establish a dialogue.

Mr Scowcroft made light of Mr Bush's collapse at the state banquet in Tokyo which overshadowed the 10-day Far East tour. "The president was trying to be too nice. He did not feel well. But he did not want to spoil the prime minister's party."

On Wednesday, Mr Bush will visit New Hampshire, the state which holds the first primary election of the 1992 election campaign. Political observers are watching closely to see whether the president defies public scepticism and continues to insist the Japan trip was a success.

Israel agrees diplomatic links with China

By Hugh Carnegy in Jerusalem

MR DAVID LEVY, the Israeli foreign minister, said yesterday Israel and China had agreed to establish diplomatic relations for the first time, a step likely to be formally concluded later this month when he visits Beijing.

Final consummation of the relationship, long sought by Israel, would complete the Jewish state's formal ties to all five members of the United Nations Security Council following the re-establishment of full relations with the then Soviet Union last year.

It would clear away any Israeli objections to Chinese participation in the multilateral phase of the Middle East peace talks due to open in Moscow on January 28, just as the resumption of ties with the Kremlin opened the way for the Soviet Union – its place now assumed by Russia – to co-sponsor the peace negotiations with the US.

The third round of so-far fruitless bilateral talks between Israel and the Syrians, Lebanese, Jordanians and Palestinians are set to get under way in Washington today. There are some hopes that a procedural impasse between Israel and the joint Jordanian-Palestinian delegation will be overcome.

However, Israel says its negotiators will not stay in the US capital beyond Thursday, narrowing the room for substantive progress at least until a fourth round at a location yet to be determined.

Israel has been pressing China to make the move to a formal diplomatic relationship for years, to draw Beijing away from its close public support for Arab nations.

Ironically, however, the two sides have well-established informal trading links with a heavy emphasis on military products, has upset Washington since US military sales to China were banned after the violent suppression of the pro-democracy movement in 1989.

Israel opened a scientific liaison office in Beijing in 1990, but had become an important source of technological support in areas from arms to agriculture well before then.

Over the years, reports have emerged of extensive defence industry co-operation, including Israeli contracts for equipping Chinese tanks, jet fighters and possibly advanced missiles.

Three of 12 Palestinians facing deportation sit under heavy guard yesterday in Israel's High Court of Justice

Estimates of global warming scaled down

By John Hunt, Environment Correspondent

ESTIMATES OF global warming over the past century due to greenhouse gases may have been "somewhat exaggerated", according to a draft report to be presented to a meeting of scientists tomorrow.

The report, by the science group of the Intergovernmental Panel on Climate Change (IPCC), also says its original forecast of the pace of global warming due to industrial activity may need modifying.

But it says that the main conclusions of its 1990 report remain unchanged: emissions from human activities are substantially increasing the atmospheric concentrations of greenhouses gases.

The document updates the 1990 IPCC report on global warming in the light of new research from more sophisticated computer models.

The IPCC was established by governments to investigate global warming in preparation for the Earth Summit conference in Rio de Janeiro in June.

The science group, led by Sir John Houghton, former head of the UK Meteorological Office, meets in Guangzhou, China, tomorrow to finalise the report.

It stands by its original conclusion that if business and industry continue operating as usual, global temperatures would increase by 0.3 degrees Celsius per decade, within an uncertainty range of 0.2-0.4C.

The new scenario sees a rise below 0.3C but still within the range of uncertainty.

The report says that by reducing the ozone layer, CFCs (chlorofluorocarbons) have offset the effect they have as greenhouse gases. "Consequently estimates of warming over the last century due to increases in greenhouse gases made in the original report may be somewhat exaggerated."

However, the report says there is more evidence of warming taking place.

German arms official quits

MR Holger Pfahls, the German state secretary responsible for armaments, is to leave the defence ministry on April 1 for "personal reasons", the ministry said, writes Christopher Parkes in Bonn.

Mr Pfahls, who was criticised in the recent row over the export of former-GDR military equipment to Israel, will be succeeded by Lieut Gen Jörg Schönbohm, army inspector.

India in clear

Pressure on India to sign the nuclear non-proliferation treaty (NPT) is expected to ease because of a statement by a key US senator that he does not think the country has a nuclear weapons programme, writes K.K. Sharma in New Delhi.

Senator Larry Pressler, who is the author of the amendment barring US aid to Pakistan because of evidence of a nuclear weapons programme, said in New Delhi at the weekend that he did not think the amendment should be extended to India.

Perez reshuffle

Mr Carlos Andres Perez, the president of Venezuela, swore in six new cabinet members at the weekend, signalling a continued commitment to the economic reform programme the government initiated in 1989.

Establishment's anxieties spell the end for Chadli

The Algerian president's resignation leaves a question mark over elections, writes **Francis Ghilès**

PRESIDENT Chadli Bendjedid left the Algerian political scene as discreetly as he entered it 13 years ago. He had never aspired to the post of president, as he reminded his countrymen in a rambling letter of resignation at the weekend.

Mr Chadli was chosen after the death of Colonel Houari Boumedienne as a compromise candidate between the pro-Libyan Colonel Salah Yiahisoui and Mr Abdelaziz Bouteflika, the then foreign minister.

Born of peasant stock in the eastern village of Boutelja, Mr Bendjedid started his working life as a docker. He soon joined the fight to free Algeria from French rule, which lasted 132 years. His family came to enjoy all power but those who knew him well suspect that he remained, at heart, the bluff commander of the western military region of Oran, which he ran for 15 years after 1964.

Algeria's third head of state was, in effect, pressured into resigning by the country's establishment. The army had no desire to see its considerable influence questioned by the Islamic fundamentalists whose party, the Islamic Salvation Front (FIS), threatened to come to power in the country's first free post-independence elections. Senior officers feared that, once in government, fundamentalists would cut the military budget and set up some form of Islamic militia as a rival to the army.

Pressure also came from the largest trade union and professional and civil organisations. Many of these people, notably women, made public their readiness to sacrifice the recent democratic experiments rather than live under the rule of the FIS. Mr Abdelkader Hachani, the FIS leader, said at last Friday's prayers that "the struggle between divine justice and the injustice of anti-Islamic barbarism is our destiny. Cohabitation between truth and injustice is impossible."

The FIS picked up 188 seats in the first round of the general elections last December and was headed for victory in the run-off on Thursday.

Although FIS leaders reined in their many supporters after the first round, they continued to preach fire and brimstone, describing the influential Berber-speaking minority as "unbelievers" and the 300,000 Algerians who marched in support of democracy through the capital 10 days ago as "Jews".

Algeria's new constitution, endorsed by popular vote in December 1988, bans parties which carry a religious denomination. After the FIS won control of a majority of town councils in the June 1990 local elections, it showed little respect for the rule of law and the needs of ordinary Algerians, much as the ruling National Liberation Front (FLN) party had done before its power was broken in the streets in the 1988 riots.

Mr Chadli's resignation has brought to the fore Mr Abdelmalek Benhabyles, a member of the landed gentry and a diplomat.

Nicknamed Socrates, as president of the Constitutional Council he must call a new presidential election within 45 days. However, candidates must be endorsed by at least 600 local councillors, which, in effect, rules out any but a FIS or FLN candidate. The rules would thus seem to be ripe for change, so the 45-day delay will probably last much longer.

Uncertainty also surrounds the run-off of the general election. Completing the poll appears unlikely before a new head of state is in place.

The FIS ruling council has yet to respond to the events of the past few days. Party leaders warned last week that any tampering with the FIS victory might provoke violent resistance, but they are themselves likely to meet fierce resistance if they come out on the streets.

The party is divided. Two of its paramount leaders, Mr Abassi Madani and Mr Ali Benhadj, remain in prison where they have been since last June's riots. Two days ago a founding member of the party, Mr Ahmed Merani, accused Mr Abdelkader Hachani, the current leader, of being "mad" and "killing all hope in Algeria". He was happy to see Mr Sid Ahmed Ghozali remain prime minister because "his government is the best we have had since independence".

After the president resigned, the prime minister called upon all Algerians to remain serene and united. The next few days will tell whether his call has been heeded.

Ferruzzi dispute settled

FERRUZZI Finanziaria, the Italian agribusiness company, has reached a settlement in a 2½-year dispute with the Chicago Board of Trade in which the exchange alleged that Ferruzzi attempted to squeeze, or corner, the market in soyabeans, writes Barbara Durr in Chicago.

Without admitting or denying any wrongdoing, Ferruzzi agreed to resign its membership in the CBOT and to pay $1.65m (£906m) in fines to the exchange.

Its subsidiary for US commodities operations, Central Soya, will pay an additional $350,000 in fines.

As part of the settlement, Ferruzzi agreed to drop a multimillion-dollar lawsuit against the Board of Trade, and the CBOT assented to drop all claims against the Ferruzzi Group arising from the 1989 incident.

UK NEWS

UK ECONOMY

Outlook suffers fresh setback

By Peter Marsh, Economics Staff

CONFIDENCE by UK companies about the business outlook has fallen back in the past three months, according to a survey published today which has increased worries about whether Britain faces a damaging second leg to the recession.

The quarterly survey by Dun & Bradstreet, a business information group, finds that six out of 10 companies see no immediate improvement in the outlook for sales or new orders. Expectations are some way below the levels seen in July 1990, at the start of the economic decline.

While the study is more optimistic about the prospects for both exports and profits, its tone is likely to depress government ministers, who in the run-up to the election are looking for evidence that the economy is on the mend.

Publication of the survey will also do little to soothe currency investors about the prospects for sterling. Partly due to concern about the UK economy, the pound has recently traded close to its effective floor in the European exchange rate mechanism (ERM).

Consumer confidence remains low, and will recover slowly in 1992, according to a study by Infolink, which monitors demand for credit. In November 1991, demand by consumers for credit to buy retail goods was up just 9.2 per cent compared with the same month in 1990, a figure which Infolink says is extremely low for the normally buoyant pre-Christmas period. Demand for loans to buy new cars was down 15.4 per cent compared with November 1990, an indicator of the slack conditions in the car business generally.

According to the survey, which was conducted last month and involved replies from 1,800 managing directors, 41 per cent of companies expect sales in the first quarter of 1992 to be above those a year ago, as against 34 per cent which think turnover will go down.

The balance of 7 per cent looking for a sales improvement is lower than the balance of 11 per cent in September 1991 which said that sales would show an increase, as measured between the final quarters of 1990 and 1991. Even though the latest figure is more encouraging than the highly pessimistic soundings during the first nine months of 1991, the result raises the possibility that the recession may linger on for some time.

A similar picture emerges from the replies to questions about new orders, where the balance expecting an increase has declined to 7 per cent, from 13 per cent in September.

These indications about a weak economic outlook come after Mr Norman Lamont, the chancellor of the exchequer, finished a weekend meeting with Treasury ministers and officials to discuss options for his March Budget. There has been speculation that the Budget could contain measures such as tax cuts to improve confidence and boost the economy.

This week Mr Lamont, who has admitted that his earlier growth forecasts for this year were over-optimistic, will review a raft of government figures that may provide clues as to a possible upturn. The run of data starts today with the latest numbers on consumer credit, which recently have been extremely weak.

Also the government faces the prospect of further turbulence affecting the pound, which on Friday night in London closed at DM2.84, 11 pfennigs below its DM2.95 central rate in the ERM and only just above its effective floor set by the peseta, the strongest currency in the system. If the pound hit its limit in day-time trading in Europe, and action to reduce the floor by selling pesetas failed, the Bank of England might have to buy pounds to stop it falling further.

More positive news for the government from the Dun & Bradstreet survey came with the result that a balance of 14 per cent of companies think overseas demand will improve, as against a balance of just 1 per cent in September. The outlook for employment remains weak, though has picked up slightly since the September survey.

BT review to examine pricing of services

By Hugo Dixon

THIS month's review of BT's prices will be more comprehensive than any since the UK telecommunications group was privatised in 1984.

Oftel, the industry regulator, plans to publish a consultative document, which will start the examination, at the end of this month. The document will be more wide ranging and longer than a similar document produced four years ago when BT's prices were last comprehensively reviewed.

Sir Bryan Carsberg, Oftel's director general, will be conducting the review in a more highly charged political atmosphere than in 1988. The Labour Party last November called for cuts in BT's prices following a Financial Times analysis showing that the company could reduce its charges by £1bn a year and still make profits comparable with those of telephone operators elsewhere in the world.

But Sir Bryan is expected to come under pressure from BT and its competitors, such as Mercury Communications, to keep the prices high. It is easier for BT's rivals to compete if its charges are not reduced too sharply.

Small investors who bought shares in the government's £5.6bn BT sale last month will also have an interest in the prices staying high. But Sir Bryan may feel that they were adequately warned of the forthcoming price review by his statement in the BT prospectus.

BT is currently required to reduce the average price of a basket of its main domestic and international services by 6.25 per cent a year after inflation.

The document will, it is understood, examine which of the company's prices should be controlled, how fast they should fall each year and whether there should be an immediate large cut. It will also look at whether BT should be allowed to increase charges to residential customers while reducing business tariffs and whether its profits are excessive.

After consultation, Sir Bryan will try to negotiate an agreement with BT.

PRIVATISATION OF TRUST PORTS

Bidders take vow of silence

By Richard Tomkins, Transport Correspondent

AN INFORMATION black-out has been imposed on the privatisation of the trust ports to prevent a repetition of the political embarrassment caused by the sale of Tees & Hartlepool, Britain's second biggest cargo port.

The department of transport has told other trust ports preparing for privatisation that no information about bids is to be released at any stage of the privatisation process apart from the identity of the successful bidder.

Companies involved in the bidding will be required to accept confidentiality clauses preventing all but the winning bidder from revealing their interest in any of the ports even after the sale.

Therefore there will be no information available to the public or the bidders on how many bids were received, the value of the bids, the identity of the bidders, or the value of the winning bid.

The department of transport acknowledged, however, that it could prove difficult to enforce the gag on unsuccessful bidders once the privatisation process was complete.

The change in policy follows the bitter row over the privatisation of Tees & Hartlepool, the first trust port to be sold under the Ports Act.

Three named companies and a management buy-out team submitted competing bids for the port, with the buy-out team quietly confident of victory.

But the port authority awarded victory neither to the buy-out team nor the highest bidder, but to a newly-formed consortium with no experience in port ownership.

The decision, supported by Mr Malcolm Rifkind, the transport secretary, has caused a furore and is likely to lead to a rough ride for transport ministers when it comes up for ratification in the Commons tomorrow.

BRITAIN IN BRIEF

Tories shrug off opinion poll gloom

Senior Conservatives shrugged off an opinion poll giving the Labour Party a five percentage point lead and prepared for the latest of the series of political offensives the party has planned for before the general election. Despite rejecting Labour claims that the general election campaign has already started, Conservatives plan a offensive against Labour's defence and foreign policy, during a Common's debate tomorrow. More attacks on Labour's tax policies and on education will follow. Editorial, Page 10

Fund managers confident on £

Most fund managers expect sterling to make it through 1992 without a realignment of its exchange rate mechanism (ERM) rate, according to a survey by Smith New Court, the securities house, and Gallup. Sterling has recently been at the bottom of its ERM range, prompting fears that the government might either devalue the pound or raise interest rates to defend the currency.

Rise in sales is forecast

Companies in the West Midlands, one of the country's main business regions, have reported a slight increase in confidence, though the outlook remains difficult, according to a study published today. The West Midlands regional group of chambers of commerce says 48 per cent of companies in the area think their sales will rise over the next year, compared with a figure of 43 per cent in September 1991.

Satellite dishes will reach 3m

The number of UK homes with satellite television dishes will top 3m this year - one in seven households - according to a new forecast. The prediction from Continental Research, an independent market research group, is that a further 1.1m satellite dishes will be installed in 1992 as satellite television expands in its core market.

'Software theft' cases settled

Lawsuits alleging computer software theft brought against Mirror Group Newspapers and the London Borough of Greenwich by leading US software suppliers are being settled out of court. Greenwich council, the first UK local authority to be accused of software theft, said on Friday it had agreed to destroy copies of illegal software programs, buy replacements from dealers and compensate the software suppliers for the illegal copies and their legal costs. A similar statement is expected today regarding Mirror Group Newspapers.

BBC launches major review

The BBC has launched a major review of all costs and staffing levels in its central bureaucracy, which could lead to substantial job losses and the contracting out of services. The review being conducted with the help of Price Waterhouse will look at all services not directly involved in programme making. This will include everything from finance and personnel to computer services, audience research and press and publicity.

Criminal cases to be studied

The Royal Commission on Criminal Justice set up after the release of the Birmingham Six last year is to carry out a study of criminal cases in the Crown Court, including the first official research into juries. The study starts today with a one-week pilot scheme.

Women may win control of union

By Diane Summers, Labour Staff

WOMEN are likely to control Britain's largest trade union for the first time next year if the triple merger between the Nalgo and Nupe public sector unions and the health service union Cohse goes ahead as planned.

At least 44 out of the 67 places on the executive committee of the new super union, which has yet to be given a name, are likely to go to women. This proportion of places on the union's ruling body reserved for women will reflect the new union's heavily female membership.

Britain's largest union, with a membership of 1.2m, is currently the Transport and General Workers Union. Although the TGWU has about 230,000 women members, only three out of a total of 39 executive members are female.

Panel should decide pay awards for senior managers says report

By Diane Summers, Labour Staff

PAY and benefits for senior executives in quoted companies should be decided by panels of non-executive directors, according to a report published today.

The recommendation by Pro Ned, which promotes the role of non-executive directors, follows sharp criticism over pay awards for top executives, particularly in privatised industries, over the last year.

Remuneration is one of the issues being examined by the Cadbury committee on corporate governance set up by the Department of Trade and Industry. Today's recommendation from Pro Ned gives a strong indication of what is likely to be one of the Cadbury committee's conclusions. The committee, due to report in the next few weeks, is chaired by Sir Adrian Cadbury who is also chairman of Pro Ned.

Pro Ned's guidelines being circulated to companies today include the following recommendations:

- All quoted companies should have a remuneration committee made up of independent non-executive directors. Members of the committee should be named in the company's report and accounts;
- The committee's policy on the separation of salary and bonus elements of executives' pay should be set out in the report and accounts. There should also be an explanation of how performance pay and bonuses are arrived at;
- Any questions at a company's annual general meeting on executives' pay and benefits should be referred the chairman of the remuneration committee.

Remuneration committees – or, as they are sometimes called, compensation committees – are already common, even if all Pro Ned's guidelines are not commonly adopted in their operation. A survey by Pro Ned of the top 100 quoted companies found that 86 per cent have a committee. Of those, 56 per cent were made up of non-executive directors, while 41 per cent had both non-executive and executive directors. Just 38 per cent published details of the committee in the annual report.

An analysis in the summer by the Financial Times found a large disparity between the pay increases of senior industrialists and the performance of their companies. Pay rose between 1981 and 1990 by an average of 350 per cent, compared with average increases in companies' earnings per share of 166 per cent.

Letter, Page 11

LEGAL NOTICE

SUPREME COURT OF THE STATE OF NEW YORK
COUNTY OF NEW YORK

In the Matter of the NEW YORK AGENCY of the BANK OF CREDIT AND COMMERCE INTERNATIONAL, S.A.

NOTICE OF CLAIMS PROCESS AND RELATED BAR DATE FOR FILING PROOFS OF CLAIM

NOTICE IS HEREBY GIVEN THAT the Superintendent of Banks of the State of New York (the "Superintendent"), pursuant to Section 620 of the Banking Law of the State of New York (the "New York Banking Law"), has made December 9, 1991 the first date on which claims against the New York Agency (the "Agency") of the Bank of Credit and Commerce International, S.A. ("BCCI S.A."), may be filed in accordance with the process for determining and paying claims against the Agency prescribed by Article XIII of the New York Banking Law (the "Claims Process"). THE LAST DATE AND TIME WHEN PERSONS MAY FILE CLAIMS AGAINST THE AGENCY IS MARCH 27, 1992, AT 5:00 P.M., EASTERN STANDARD TIME (THE "BAR DATE"). Only claims filed on or before the Bar Date will be considered by the Superintendent in accordance with the provisions of Article XIII of the New York Banking Law.

IF YOU ARE ENTITLED TO FILE A PROOF OF CLAIM BUT FAIL TO DO SO IN THE MANNER PRESCRIBED ON OR BEFORE THE BAR DATE STATED ABOVE, YOUR CLAIM WILL BE FOREVER BARRED, YOU WILL NOT BE ENTITLED TO ANY DISTRIBUTION ON THAT CLAIM AND YOU WILL RECEIVE NO FURTHER NOTICES REGARDING YOUR CLAIM. All claims against the Agency of whatever character, whether secured or unsecured, liquidated or unliquidated, fixed or contingent, must be presented in the Claims Process.

1. GENERAL.

The Superintendent took possession of the business and property of the Agency on July 5, 1991 pursuant to Section 606 of the New York Banking Law and is currently taking steps to effect the complete liquidation of the Agency.

2. WHO MAY FILE

Any person having a claim against the Agency, or such person's duly appointed and authorized personal or legal representative, may file a Proof of Claim in respect of each claim arising out of a distinct transaction or series of transactions with the Agency, regardless of when such claim arose or the nature or type of such claim (subject to Section 3 below). Where more than one person is interested in or is making a claim, then all must complete and file a Proof of Claim together. All claimants must file a Proof of Claim in the Claims Process, even if a claim was previously made known in some other way to the Agency or to New York State Banking Department staff.

3. WHO MAY NOT FILE

A person may *not* file a Proof of Claim in respect of any of the following:

(a) a claim arising out of transactions with offices of BCCI S.A. other than the Agency or out of transactions with entities affiliated with BCCI S.A. in any other way;

(b) a claim not representing an enforceable legal obligation against the Agency if the Agency were a separate and independent legal entity; or

(c) a claim representing an amount due or other liability to another office or branch of, or wholly owned (except for a nominal number of directors' shares, if any) subsidiary of, BCCI S.A.

Persons having a claim that falls into categories (a), (b) or (c) above may need to pursue it in separate and different proceedings *not* administered by the Superintendent and should contact Brian Smouha, Commissaire, BCCI, S.A., 25 Boulevard Royal, 2449 Luxembourg, for further information.

4. PROOF OF CLAIM REQUIREMENTS; PRIORITY OF PAYMENT ASSERTIONS

A person entitled to file a claim against the Agency must complete and file a Proof of Claim in the form adopted by the Superintendent, together with all supporting documentation specified in the instructions thereto, in respect of each claim arising from a distinct transaction or series of transactions with the Agency. All persons having claims for priority of payment shall make demand in writing for priority in the place indicated in the Proof of Claim.

If this notice was received by mail, it is accompanied by a blank Proof of Claim and the instructions relating thereto. Persons receiving this notice by publication or any other means may obtain a Proof of Claim and the instructions relating thereto by writing to the New York State Banking Department, c/o BCCI S.A., 530 Fifth Avenue, Seventh Floor, New York, New York 10036, Attention: Request for Proof of Claim. Persons requiring additional Proofs of Claim must make such copies for themselves. All Proofs of Claim are required to be prepared in the English language.

5. DEADLINE FOR FILING; WHERE TO FILE

The Bar Date, the deadline for filing all Proofs of Claim, is 5:00 p.m., Eastern Standard Time, on March 27, 1992. Each Proof of Claim must be either mailed or delivered to the following address:

Salvatore Morabito
Special Deputy Superintendent
New York State Banking Department
c/o BCCI S.A.
530 Fifth Avenue
Seventh Floor
New York, New York 10036

If mailed, a Proof of Claim must be postmarked on or before March 21, 1992. If delivered, a Proof of Claim must be received by the Special Deputy Superintendent or his staff on or before the Bar Date. NO PROOF OF CLAIM IS FILED UNTIL IT IS RECEIVED BY THE SPECIAL DEPUTY SUPERINTENDENT OR HIS STAFF.

6. FURTHER INFORMATION

If you have questions about this notice, or if you desire a Proof of Claim, you may contact by telephone either Salvatore Morabito at (212) 789-8620 or Harry J. Morpurgo at (212) 789-8681 during the hours of 9:00 a.m. to 5:00 p.m., Monday through Friday, or write to Mr. Morabito at the address given above. ALL OTHER QUESTIONS, SUCH AS WHETHER YOU SHOULD FILE A PROOF OF CLAIM OR TAKE ANY OTHER ACTION WITH RESPECT TO YOUR CLAIM, SHOULD BE DIRECTED TO YOUR ATTORNEY.

Dated: New York, New York
December 9, 1991

CLEARY, GOTTLIEB, STEEN & HAMILTON
Attorneys for the Superintendent of Banks of the State of New York
One Liberty Plaza
New York, New York 10006
(212) 225-2000

MOUNT-PORTLAND (HAAS) LIMITED

Notice is hereby given that a meeting of creditors in the above matter is to be held at Cork Gully, Shelley House, 3 Noble Street, London, EC2V 7DQ, on the 27th day of January 1992 at 10.00am to consider my proposals under section 23(1) of the Insolvency Act 1986 and to consider establishing a committee of creditors.

A proxy form, which can be obtained from Cork Gully, Shelley House, 3 Noble Street, London, EC2V 7DQ, should be completed and returned to me by the date of the meeting if you cannot attend the meeting and wish to be represented. In order to be entitled to vote at the meeting you must give to me, not later than 12.00 hours on the business day before the day fixed for the meeting, details in writing of your claim.

R.M.Addy
Administrator

A copy of my proposals may be obtained from

Cork Gully,
Shelley House,
3 Noble Street,
London EC2V 7DQ.

MALENCO LIMITED

Registered number: 1857296

Nature of business: Manufacture of raised access flooring
Trade classification: 11
Date of appointment of joint administrative receivers: 3 January 1992
Name of person appointing the joint administrative receivers: National Westminster Bank PLC

C.J. Hughes and I.D.B. Bond
Joint Administrative receivers
(Office holder nos 2041 and 1289)
of Cork Gully
Shelley House
3 Noble Street
London EC2V 7DQ

COMPANY NOTICES

CASSA DI RISPARMIO DELLE PROVINCIE LOMBARDE LONDON BRANCH

Japanese Yen 10,000,000,000 Floating Rate Depositary Receipts due 1993

In accordance with the terms and conditions of the Receipts, notice is hereby given that for the interest period from 13th January 1992 to 12th July 1992, being the ninth Interest Payment Date (as defined in the terms and conditions), the Receipts will carry an interest rate of 6.05% per annum. Interest payable on 13th July 1992 will amount to Yen 300,847 per Yen 10,000,000 Receipt.

The Mitsui Taiyo Kobe Bank Limited
Tokyo
Agent Bank

Dated: 13th January 1992

BRADFORD & BINGLEY BUILDING SOCIETY

£150,000,000
Floating Rate Notes Due 1997

In accordance with the terms and conditions of the Notes, the interest rate for the period 10th January, 1992 to 10th April, 1992 has been fixed at 10.6425% per annum. The interest payable on 10th April, 1992 against Coupon 6 will be £264.61 per £10,000 nominal.

Agent Bank
ROYAL BANK OF CANADA

Hall & Tawse
Group Limited
CONSTRUCTION
DESIGN AND BUILD
SPECIALISTS WORKS
Hall & Tawse Group Limited
Ashbourne Road, Mackworth, Derby DE3 4NB
Telephone (0332) 294294 Fax (0332) 294666

New offices in Telford town centre

Two west Midlands companies are teaming up again in a £16m office development in Telford, Shropshire.

Richardsen Developments has chosen TARMAC CONSTRUCTION to design and build two multi-storey office blocks in the Telford Plaza project in Telford's town centre.

The two companies have been responsible for many developments around the west Midlands including the Merry Hill retail and business complexes in Brierley Hill.

Telford Plaza will be situated in an existing office area of Telford town centre, close to junction five of the M54. The Enterprise Zone development was one of the last to be given planning approval by Telford Development Corporation before it was disbanded.

Design work has already started on the first phase of the project with construction work scheduled to begin this spring and to last 18 months.

This phase will include an 11-storey lozenge-shaped tower providing a total office area of over 90,000 sq ft. The second phase will include an elongated six-storey block providing over 70,000 sq ft of space.

The two offices will be set either side of an extensively landscaped plaza including water features.

The external facade of each building will feature silver reflection glass complemented by expressed vitreous enamel metal cladding panels which will give the buildings a three dimensional look.

CONSTRUCTION CONTRACTS

Business park in Brno

A joint venture company has been formed by BOVIS and the City of Brno in Czechoslovakia to develop a £130m science, business and technology park on the campus of Brno University.

Work on the first phase of the project will begin in the summer; the development will be managed by Bovis Abroad and construction management controlled by Bovis International, from its Prague office, using a range of local contractors to complete the building and civil engineering work involved.

The 243 acre greenfield site is 4.5 kilometres north of Brno city centre and adjacent to the city's technical university. Over the next five years 135,000 sq metres of commercial accommodation will be built for research and development and office use, together with a 6,000 sq metre retail centre, a 200 bedroom hotel, 200 executive-style homes, an 18 hole golf course with clubhouse and all supporting infrastructure works.

The first phase will comprise 20,000 sq metres of commercial starter units for tenants or owner-occupiers, together with a 15,000 sq metre office block, designed to act as a landmark for the campus development.

Bovis, Bovis Abroad and Bovis International are all members of the P&O Group.

Strand headquarters

TAYLOR WOODROW CONSTRUCTION SOUTHERN is undertaking a £5.7m fitting out contract on an eight-storey office block in the Strand to provide a new headquarters for Land Securities.

The contract involves stripping the building down to its shell and installing finishes and building services. It also includes air conditioning and lighting controlled by a computerised system.

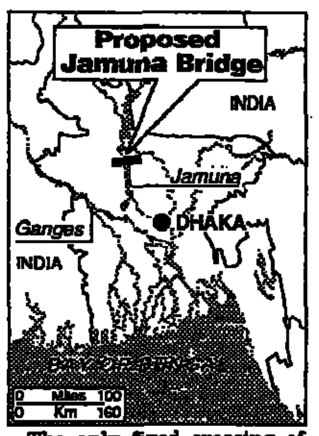
River crossing in Bangladesh

The US$500m (£267m) Jamuna Bridge project in Bangladesh has been given the go-ahead by the World Bank after a further internal review of the economic return of the project.

Tender documents are expected to relate to a bridge designed for road, but with the potential to be adapted to road plus rail at a future date and at minimum extra cost.

This evaluation was in broad agreement with the conclusion reached earlier by the bank's consulting engineers, RENDEL PALMER & TRITTON together with Dutch consultants NEDECO and BANGLADESH CONSULTANTS.

The bridge will be the first fixed transport link across the Jamuna river in Bangladesh. The river forms a 15km barrier, separating the western side, with its fertile north-west zone, from the eastern side containing the commercial centre, Dhaka and the country's primary port, Chittagong.



The only fixed crossing of the river to date in Bangladesh is the power line interconnector supported on caissons 110 metres deep, believed to be the deepest in existence and for which RPT were the engineers. The crossing will comprise a bridge structure about 5km long, major river training works and road embankments on the flood plain between the river training works and the high banks.

Mobility of the river banks is such that the final location of the 2,700 metre long guide bunds, and hence the length of the bridge can only be determined at the time of construction. Cost estimates, design and the proposed contract documents have been set down to accommodate this somewhat unusual situation.

The bridge is 4,800 metres long, bounded by the guide bunds of the river training works. The substructure will be 80 metres long, 2.5 metres in diameter raking steel piles in bents of two or four. These will support a composite steel box girder and concrete slab superstructure in spans of 100 metres.

An alternative design including a segmental pre-stressed concrete box girder of similar span will be included in the tender documents.

£11.1m leisure complex for Kettering

BALFOUR BEATTY BUILDING has commenced 1992 with a series of new orders worth over £40m. Heading the list is an £11.1m contract from Kettering Borough Council for the design and build of a 12,300 sq metre leisure complex. The centre will be a steel frame, brick and curtain wall building housing mechanical and electrical services.

In Pimlico, London, the company has won an £8.2m contract from Monterey Associates for the construction of a seven-storey reinforced concrete frame building which will provide 85 residential one and two bedroom appartments. The work will also involve the installation of mechanical and electrical services and the construction of two levels of basement parking.

The Receiver for the Metropolitan police at Bexleyheath has awarded a £4.3m contract for a three-storey police station and a single-storey cell block.

At Colmore Row, Birmingham, the company has been awarded additional work worth £3m to fit out new offices for a firm of solicitors, Wragge and Company.

In London, Balfour Beatty Building has commenced work on a £2.5m refurbishment of a Grade II listed building at 167 Queen Anne's Gate.

Other awards include a £2.5m design and build factory extension for BICC Cables at Erith, Kent; a £2.9m contract to build a three-storey community hospital in Totnes, Devon, for the South Devon Healthcare and National Service Trust; and an £871,000 award from the Post Office for the construction of a sorting office in Leytonstone.

Demonstration facility at Sellafield

LAING INDUSTRIAL ENGINEERING AND CONSTRUCTION has won the mechanical, electrical and instrumentation installation contract (valued at around £1.4m) for the MOX demonstration facility being built for BNF at its Sellafield plant.

The MOX plant, (mixed oxide fuel), is a fully integrated fuel fabrication plant manufacturing mixed oxide fuel assemblies for light water reactors.

The plant involves all operations from receipt of powder feeds through to fuel assembly build, storage and packaging for transportation.

The 52-week contract involves fabrication and erection of 2,500 metres of stainless steel pipework and the assembly and installation of 120 items of specialist mechanical equipment items.

There is also a considerable amount of installation work which will be done by Armstrong Electra.

Housing projects

IDEAL HOMES, a member of the residential property division of Trafalgar House, has started the New Year with a £16m order book for social housing contracts.

Ideal Homes has won contracts from housing associations in England and Wales to provide over 340 homes - houses, bungalows and flats - in locations as far apart as Ipswich, Cardiff, Stockton-on-Tees and Mitcham (Surrey)

The contracts include a £1.14m Phoenix Housing Association scheme in Cleveland, won by Ideal Homes Northern of Thornaby-on-Tees.

Business worth £7.8m has been placed with Ideal Homes Central of Maple Cross (Hertfordshire) by customers which include the Warden, Orwell and Suffolk Housing Associations.

In addition to the social housing contracts, Ideal Homes is also building a £1m headquarters for British Waterways at Fazeley near Tamworth in Staffordshire as part of a plan to provide 32 waterfront homes alongside the Birmingham and Fazeley Canal.

Chiswick sewer

Recent contract awards totalling £8.7m have been won by civil engineering contractor REES HOUGH.

The largest, valued at £3m, is a contract for the construction of a combined sewer in Chiswick for Thames Water Utilities.

The two-year project requires the installation of a 2.5 kilometre pipeline using pipe jacking, tunnelling and open-cut techniques.

Other pipeline installations awarded to the company amount to nearly £2m and include a 200 metre surface water sewer in Barnet, north London, a 700 metre pipe jacked sewer in Corsham, Wiltshire, and a tunnelled sewer in Gloucester, which is being carried out partly through pre-treated ground.

APPOINTMENTS

Property developments

Drusilla Vesty is taking charge of British Gas's developments after several years planning one of the largest derelict sites in Europe.

As director of property development, Vesty is unlikely to see quick results from her new job, though she is likely to make faster progress than in her previous task of directing policy at the London Docklands Development Corporation, which has been particularly badly hit by recession.

Vestey, who was responsible for the development strategy and installation of the £240m advance infrastructure in the Royal Docks since 1985, oversaw a project which is unlikely to come to fruition for many years. British Gas's largest potential project is a predominantly residential development covering 296 acres in east Greenwich.

■ Nuclear Electric, the state-owned company which operates the nuclear stations of England and Wales, has also recruited a development specialist to deal with its surplus buildings and sites.

David Hall, a chartered surveyor, is to take up the newly-created post of head of property development. He is a director of Chesterfield Properties and until recently was managing director of MEPC Development.

The largest building that Hall will deal with is Sudbury House, by St Paul's Cathedral, which will be sold once planning permission has been gained for redevelopment. He will also have to deal with a clutch of other buildings no longer needed by the nuclear industry.

■ Ronnie Hanna, joint group md of CALA, is to become chief executive of BETT BROTHERS.

■ Alan Grey is promoted to md of LAING Yorkshire; he replaces Brian Richardson who becomes md of John Laing Construction's building division.

■ Roger Adcock is the new group md of MANSELL.

■ David Holland is appointed chief executive of WIMPEY Homes. Ross Ancell becomes md of Wimpey Minerals UK and Andrew Panter md of Minerals International; both also join the executive board.

■ Tony Lucas, formerly chief executive of the Monk Group, is to be md of AMEY CONSTRUCTION.

'Nuts and bolts' for Bemrose

BEMROSE, the Derby-based security printers, will miss the glamour of its association with Sir Gordon Brunton, who has reached 70 and is retiring after 14 years as the company's non-executive chairman.

As well as owning the horse that won the gold cup at Ascot last June at odds of 25:1, Sir Gordon, brought in by Sir Max Bemrose, great grandson of the founder, has made some very imaginative contributions to the business, says Roger Booth, who has just been made group chief executive. "He was tough when he needed to be," such as in the early 1980s when the company had to fight off Robert Maxwell's attentions.

But Sir Gordon, a former head of International Thomson, comes from another world, says Booth, who explains that what the company now needs in its battle with recession is "nuts and bolts" men. Hence, David Wigglesworth, 61, retiring from group chief executive, becomes chairman.

Booth himself joined Bemrose at the end of 1988 when it purchased Henry Booth, the family printing company of which he was managing director and the majority shareholder. Far from having the top job in his sights at the time, he says he had enough difficulty persuading his new colleagues to allow him on to the board.

TRADE FAIRS, EXHIBITIONS & CONFERENCES

JANUARY 20
Crisis and Change in the Foreign Exchange Market
International Conference, hosted by Tolerate, on changes confronting forex. Speakers: John Maples, Eddie George, Tom Lockett, Wolfgang Rieke and Denis Healey. Venue: Queen Elizabeth II Conference Centre, Westminster. Contact: Jaye Ruby, 071 583 0044. Fax: 071 583 1837.
LONDON

JANUARY 23-24
NEGOTIATING WITH THE SPANIARDS
An intensive two day seminar designed for the busy management negotiating (or planning to negotiate) long term agreement with Speaker: Vincent Guy. Contact: Louise Knight, Frost& Sullivan Ltd. Tel: 071 730 3438 Fax: 071 730 3343. Quote ref 1098FT.
LONDON

JANUARY 23-24
THE REINTEGRATION OF THE BALTIC STATES INTO THE WORLD COMMUNITY
convened by The Royal Institute of International Affairs in association with the Governments of Estonia, Latvia and Lithuania, & The London Chamber of Commerce and Industry. To be held at Chatham House, London. Enquiries RIIA Conferences. Tel: 071 957 5700; Fax: 071 957 5710
LONDON

JANUARY 27-29
A MANAGER'S GUIDE TO ASSERTIVENESS TRAINING
Discover how to manage conflict and turn a potentially negative situation into a positive force and how to master an approach for gaining total commitment from colleges at all levels. Speaker: DeAnne Rosenberg. Contact: Louise Knight, Frost & Sullivan Ltd., Tel: 071 730 3438 Fax: 071 730 3343. Quote ref 945FT.
LONDON

JANUARY 28&29
Opening Up The Russian Oil Industry
A unique opportunity to meet the new decision makers in Russia, convened by the newly established Centre for Foreign Investment and Privatisation (Moscow), and the Royal Institute of International Affairs. To be held at The Inter-Continental Hotel London. Enquiries RIIA conferences. Tel: 071 957 5700; Fax: 071 957 5710
LONDON

JANUARY 29
Nailing the Jelly to the Wall
A three part LSE seminar on business and IT strategies. 2-6pm at the LSE. (Also Feb 19 & March 11). Contact Nicola Meakin. Tel: 071-955 7227 or Fax: 071-9557676
LONDON

JANUARY 29
REFORMING THE PRIVATE BILL PROCEDURE
Covering legal & political implications of the Transport & Works Bill for Local Authorities, Railways, Ports, Financial institutions who promote Private legislation. In association with REES & FRERES.
Contact: Iain Dale, The Waterfront Partnership on 071 730 0430.
LONDON

JANUARY 29
Total Quality Management for Information Systems
A one-day awareness seminar for Directors and Senior Executives, designed to give a clear grasp of TQM, its benefits and how to relate it to the business critical areas of Information Systems and Services. Contact: Alan Whitfield, RSM Consulting Tel: 071-278 1586 Fax: 071-837 0694
LONDON

JANUARY 29
Geographical Information Systems for Effective Decision Making
KPMG Management Consulting are holding a series of half-day seminars on geographic information systems for asset management, looking at the issues and suggesting ways of tackling the problem. For further information, please contact Malcolm Leith, KPMG Management Consulting on 071 236 8000
LONDON

JANUARY 29
Investment in Housing Associations
For bankers and Institutional Fund Managers-seminar covering market, risks, H.A. requirements, public grant interface, achieving an assured rate of return. Chartered Accountants' Hall, Moorgate Place EC2. 4:15pm-7pm
Contact: Peter Tegg, Social Housing Finance Consortium Limited. Tel: 071-588 3611 Fax: 071-638 2159
LONDON

JANUARY 30-31
CORPORATE PENSIONS
Influential figures in the pensions world including Tony Newton, Secretary of State for Social Security, Michael Meacher, MP, Jonathan Charkham and Brian MacMahon will debate key issues currently affecting corporate pensions on the UK. Contact Jo Bradley at The Economist Conferences on 071 493 6711.
LONDON

JANUARY 30-31
WHAT IT TAKES TO WIN: TRANSFORMING LEADERSHIP FOR INNOVATION AND PERFORMANCE
Learn the differences between managing and leading and realise the importance of leadership style to increase your competitive advantage through innovation and change. Speaker: Dr John Nicholls. Contact Louise Knight, Frost & Sullivan Ltd., Tel: 071 730 3438 Fax: 071 730 3343 Quote ref 710FT.
LONDON

FEBRUARY 6
UK Working - Japanese Style
Learn from the world's most successful economy. This conference will review the best Japanese Human Resource systems. It will inspire directors eager to enhance their business strategies and achieve an efficient, productive and committed workforce.
Enquiries- Director Conferences 071 730 0022
LONDON

FEBRUARY 11
Executive Information Systems: Adding Value With External Information
This conference shows how the strategic dimension value of an EIS can be improved, covering such key issues as potential sources of information, and competitor and market share analysis. Contact Business Intelligence.
Tel: 081-544 1830.
LONDON

FEBRUARY 17&18
Cable Television & Satellite Broadcasting
To review the international world of broadcasting and the media, the fallout from the competitive tenders for ITV franchises, and telephone's contribution to cable. Enquiries: Financial Times Tel: 071-925 2323 Fax: 071-925 2125
LONDON

FEBRUARY 18
LETTER FROM AMERICA
Speaker: Mr Kenneth T. Derr, Chairman and Chief Executive Officer, Chevron Corporation
Mr. Derr will discuss the environmental debate and other aspects of US energy policy and will assess their worldwide implications for petroleum companies and foreign governments alike.
Contact: Caroline Little, The Institute of Petroleum - 071 636 1004
LONDON

FEBRUARY 18
Oil And Gas Price Information Fundamentals, Uncertainty and Implications
Three papers covering how oil prices are formed; a look into the future for medium term oil prices and the price implications of gas supply and demand.
Contact: Catherine Cosgrove, The Institute of Petroleum - 071 636 1004
LONDON

FEBRUARY 18
IT Investment Appraisal: New Approaches To Measuring the Business Value of IT:
This conference is devoted to improving corporate performance in the critical area of IT investment appraisal, addressing such such key issues as new investment appraisal methods, and evaluating the IT portfolio.
Contact Business Intelligence.
Tel: 081-544 1830.
LONDON

FEBRUARY 19
Executive Information Systems - The wider use of EIS
This conference follows a practical approach to second generation EIS: the difference in their implementation and impact on organisations from the older systems, and their potential benefits. Contact: Juliet Coe, IBC Technical Services. Tel: 071 637 4383
LONDON

FEBRUARY 19&20
THE EXECUTIVE SECRETARY
8TH Annual 2-day conference for the Executive secretary & PA. Learn how to communicate with confidence, organise your time, deal with difficult people & prioritise your personal and professional goals.
Selfridge Hotel. Ring Janine Shields, IBC. 071-637 4383
LONDON

FEBRUARY 20
Occupational & Personal Pensions Are They Working Together?
An essential one-day conference designed for all those who should be concerned with the interaction between occupational and personal pension schemes.
Selfridge Hotel. Mary Parker Jervis, IBC. 071-637 4383
LONDON

FEBRUARY 20
DOING BUSINESS WITHOUT PAPER
The Impact of EDI (Electronic Data Interchange) on the upstream and downstream oil industry.
Contact: Susan Ashton, The Institute of Petroleum - 071 636 1004
LONDON

FEBRUARY 20
Italian Government Debt - instruments and strategies
Will provide information, education and discussion about BTPs and other Italian debt instruments. Speakers include representatives from, Banca D'Italia Cooper and Lybrand, Deloitte. Brochure and further details. Futures and Options World. Tel: (081) 330 4311
LONDON

FEBRUARY 25
OUTSOURCING INFORMATION TECHNOLOGY.
The Legal Issues of Facilities Management of Computing and Telecommunications. For lawyers, contract managers, purchasing managers, procurement officials and consultants. Seminar will cover the wide range of legal issues involved and explain the business rationale of FM. Contact: Susan Coulston, IBC Tel: 071 637 4383 Fax: 071 631 3214.
LONDON

FEBRUARY 25&26
International Banking
The 1992 meeting will examine how the international banking industry is responding to the challenges of economic uncertainty and the continuing pressures on profitability and margins. Enquiries: Financial Times.
Tel: 071-925 2323 Fax:071-92 2125
LONDON

FEBRUARY 26-MAY 27
Contemporary Britain 1992
Twelve weekly evening seminars at London School of Economics for diplomats, managers and representatives of foreign firms, banks and newspapers who wish to improve their understanding of current British political, economic and social issues.
Contact: Nicola Meakin
Tel: 071 955 7227 Fax: 071 955 7676
LONDON

FEBRUARY 26
SUCCESSFUL STRATEGIES FOR DECISION MAKERS
A one day investment in your Company's future.
This seminar covers: setting goals and identifying obstacles, taking stock of your business and its marketplace, developing a vision for success, considering major options, etc.
Contact: FIBEX. Tel: 071-489 9944 Fax:071 236 6140
LONDON

FEBRUARY 27-28
Contractual Default & Risk Limitation in Offshore Supply & Construction Contracts.
Includes practical workshop based on sample contract; guidelines for presentation of an arbitration case. For lawyers, commercial, project & contract managers. Speakers from Trafalgar House Offshore Structures, Marathon Oil, Santa Fe Exploration, Phillips Petroleum.
Contact: Susan Coulston, IBC Tel: 071 637 4383 Fax: 071 631 3214
LONDON

FEBRUARY 27-28 MAY
Contemporary Europe
Twelve weekly evening seminars at London School of Economics for diplomats, managers and representatives of foreign firms, banks newspapers who wish to improve their understanding of current developments in the EC.
Contact: Nicola Meakin, Tel: 071 955 7227. Fax: 071-955 7676
LONDON

FEBRUARY 28
GLOBAL TAX PLANNING
One day seminar examining the techniques and strategies to enhance corporate and shareholder value. Presented by Mike Maskall, Director of International Tax Capital Services, Europe, Price Waterhouse. Enquiries to Sarah Avian, IBC Legal Studies. Tel: 071 637 4383 Fax: 071 631 3214
LONDON

MARCH 2
How To Implement Strategic IT Projects
This conference explores a range of practical approaches to planning for and actively managing the business impacts of major IT projects, including understanding why strategic IT systems usually fail, and successful approaches to improving the usability and user acceptance of systems.
Contact Business Intelligence.
Tel: 081-544 1830.
LONDON

MARCH 3
PREVENTING FINANCIAL FRAUD
A detailed analysis of the issues involved, in the prevention, detection and investigation of financial fraud. Speakers from DTI, Serious Fraud Office, SFA, London Stock Exchange, FIMBRA and others. Contact: Westminster Management Consultants Ltd.
T: (0483) 740 730, F: (0483) 740 727
LONDON

MARCH 3
THE NEW VAT REGIME FOR EXPORTS AND IMPORTS
A detailed of the EC Commission's VAT Directive which has far reaching consequences for all UK exporters and importers. Speakers from EC Commission, HM Customs and Excise and KPMG Peat Marwick. Contact: Westminster Management Consultants Ltd.
T: (0483) 740 730, F: (0483) 740 727
LONDON

MARCH 3
BANKING LENDING AND THE LAW.
CCE 8 points. Legal complexities including hedging, problem loans, work-outs, guarantees and secured transactions. Speakers from Lawrence Graham, Turner Kenneth Brown, Stephenson Harwood, SJ Berwin, Nabarro Nathanson, Allen & Overy, Macfarlanes, Taylor Joynson Garrett, Hambros Bank. Contact: Susan Coulston, IBC Tel: 071 637 4383 Fax: 071 631 3214
LONDON

MARCH 4
Establishing a Presence in Japan
This high-level, yet practical conference, arranged in association with Priority Japan, will feature a keynote speech by The Rt Hon Peter Lilley, MP Enquiries: Financial Times Tel: 071-925 2323 Fax: 071 925 2125
LONDON

MARCH 5
DOING BUSINESS IN HUNGARY
A practical guide to the most Westernised Eastern European Country. Sponsored by Coopers & Lybrand Europe. Subjects covered include: investment opportunities, legal and taxation consequences, labour environment, acquisitions, accounting issues and case study
Contact: FIBEX. Tel: 071-489 9944 Fax: 071-236 6140
LONDON

MARCH 10&11
The European Water Industry
Policies for preventing water pollution and protecting water quality in the UK and EEC, charging systems, finance for infrastructure in Eastern Europe will be addressed. Enquiries: Financial Times. Tel: 071-925 2323 Fax: 071-925 2125
LONDON

MARCH 17
Management of IT in Competitive Business.
Some practical experiences gained in major organisations (public and private sector) from their current IT developments: introducing new systems and working cultures, and winning commitment towards these changes. Contact: Juliet Coe, IBC Technical services. Tel: 071 637 4383
LONDON

MARCH 18
ARE YOU PREPARED FOR FRAUD?
Practical workshop teaching the application of the Critical Point Analysis, implementation of a detection strategy and the expansion of contingency plans to include the investigation of suspected frauds..
Contact:Amanda Stuart , IBC Technical services. Tel: 071 637 4383
LONDON

MARCH 19
THE GOVERNANCE OF PENSION FUNDS - IS YOUR PENSION FUND SAFE?
An essential one-day conference examining current concerns surrounding pension funds and who controls them with particular emphasis on the duties and responsibilities of pension fund trustees. Hotel - Tower Thistle. Contact Mary Parker-Jervis, IBC, 071-637 4383
LONDON

MARCH 19-20
INTERNATIONAL INNOVATION '92 MANCHESTER
Organised by NIMTECH The North West Technology Centre. The Conference provides information on, £1000m, EC cash for collaborative R&D product development includes workshop on European business opportunities. The exhibition presents practical technology from all over the world. Contact: David Locke (tel: 0695 50032 fax: 0695 50812)
MANCHESTER

MARCH 23&24
International Packaging and the Environment
To review German and EC packaging legislation, prospects for international packaging, and the impact of legislation for manufactures and retailers. Enquiries: Financial Times Tel: 071-925 2323 Fax: 071-925 2125.
LONDON

MARCH 24
DOING BUSINESS IN CZECHOSLOVAKIA
A corporate step by step guide through one of the major opportunity areas. Sponsored by Coopers & Lybrand Europe. Subjects covered include: Investment opportunities, legal & taxation issues, labour environment, acquisitions, accounting issues and a case study. Contact: FIBEX. Tel: 071-489 9944. Fax: 071-236 6140.
LONDON

APRIL 1
THE FUTURE OF THE BRANCH - STEERING A COURSE THROUGH CHANGE
The Brewery, London. The Financial Revolution in Europe suggests that branch networks will be the key to the distribution of all financial services. This workshop focuses on how the branch can be made more productive as a delivery channel.
Contact: Elaine Robertson, Meeting Makers Tel: 041 553 1930
Fax: 041 552 0511
LONDON

APRIL 1-2
CHEMSPEC EUROPE 92- Highlighting Developments and Future trends in Speciality, Performance and Fine Chemicals - Organic Intermediates - Contract & Toll Manufacture.
G-MEX, Manchester
Contact: Valerie Shilling, FMJ International Publications Ltd.
Tel: (0737) 768611 Fax: (0737) 761685
MANCHESTER

MARCH 9&10
COMPETITIVE INTELLIGENCE
Objectives. Organisation. Systems. Techniques and Analysis. Seminar presented by Kirk Tyson, author of "Competitor Intelligence, Manual & Guide." For managers and analysts with strategic planning, business development or research responsibilities. ALSO in GENEVA 12&13 MARCH. Contact: IIB SA. Geneva. Switzerland. Tel: (41) 22 788 2751. Fax: (41) 22 788 2726.
MILAN

MARCH 16&17
MTN's : Making Effective Use of the Market
Understand the potential offered by medium term notes, their place in investment strategy & the benefits derived from successful MTN programmes. Hotel Marriott Prince De Galles. Contact: Christine Moore, BRI, 071-637 4383
PARIS

MARCH 24-26
International Gaming Business Exhibition (IGBE) Europa '92 Espace Fontvieille Monaco
IGBE '92, the first major European Exhibition exclusively for the casino gaming industry, will showcase all major products and services of importance to the casino. Special events will also be held. Contact: Eileen B. Baird Phone (USA) 203- 852 0500 ext 107 Fax: (USA) 203 838 3710
MONACO

INTERNATIONAL

FEBRUARY 16-18
Alpine Options and Futures
This important conference looks at 'Options and Risk Management in the new Europe'. Speakers include representatives from EBRD, Soc. Gen., INSEAD, SBC. Brochure and further details. Futures and Options World Tel: (081) 330 4311
EVIAN-LES-BAINS

FEBRUARY 16-19
Chemical Week Annual Asia-Pacific Conference
Bryan Sanderson, CEO BP Chemicals; Michael Parker, President Dow Pacific; Sumo Takeishi, Mitsubishi Corporation are among senior figures who will discuss market, environment, legal and chemical business climate in the region with focus on China, Japan, Vietnam, ASEAN and India. Tel: 071 436 3749/212 621 4949
HONG KONG

FEBRUARY 23&24
Air Transport in the Asia-Pacific Region
Long-term prospects for air transport in the region, the changing international framework and the problems of congestion will be addressed. Enquiries: Financial Times Tel: 071-925 2323 Fax: 071-925 2125.
SINGAPORE

MARCH 4-6
European Business Information Conference
Sessions focussing on company and financial information, industry intelligence, credit reference, competitor analysis - all aspects of information for and about business in Europe. Workshops, case studies, and major exhibition.
Contact Jenny Perry, TFPL Ltd.
Tel: 071 251 5522. Fax: 071 251 8318.
BRUSSELS

EXHIBITIONS

JANUARY 13&14
SOFTWORLD IN ACCOUNTING AND FINANCE
Exhibition and Seminars from the Top 40 suppliers of Software for Accounting and Finance Departments from full scale accounting systems to specialist finance software. Delegates will be able to attend 40 minute presentations on each product free of charge.
Contact: Interactive Exhibitions 081-541 4865
LONDON

JANUARY 28
Hybrid Technologies - The Best of British
Major conference on electronics business, technology and marketing. Leaders from the UK Electronics Industry speak on innovation and competition in international markets. Alongside MicroTech '92 exhibition. Heathrow Penta Hotel. £65 includes buffet lunch.
Contact 0344 421 273.
LONDON

MARCH 4&5
International Futures and Options Exhibition
An exhibition devoted to the futures, options and derivative markets. Exhibitors include DTB, MATIF, Reuters. Accompanying seminar program. Further details or free registration tickets Futures and Options World Tel: (081) 330 4311 Fax: (081) 337 8943
F RANKFURT

MAY 12-14
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MANAGEMENT

Going to work on the unemployed

Lisa Wood meets executives behind one initiative

Are we being radical enough in our approach towards training, demanded Edward Roberts, chairman of Central England Training and Enterprise Council?

Roberts, chief executive of a medium-sized spring manufacturer, was presiding over the regular monthly board meeting of Reddich-based Centec.

A couple of years ago Roberts, an enthusiastic businessman committed to training in his own company, Heath Springs, knew little about the government's training scheme for unemployed adults and young people. Now he is one of a commited band of private sector executives trying to *push the scheme forward.*

Centec, one of 82 Tecs in England and Wales, last April took over from the Department of Employment the running of publicly funded training schemes and shouldered responsibility for the stimulation of "enterprise".

The agenda of its three-hour board meeting, held in the evening and attended by eight of the 14 senior executives who are its members, gives a glimpse into the challenges and problems of running a Tec.

With little preamble, the members settled down to well-informed discussion of the main aspects of a Tec's work.

The need for more government cash was apparent and concern was repeatedly expressed over Centec's management of some training schemes inherited from the government last April. Links with local employers, crucial to the success of Tecs, were seen as relatively weak and relationships with organisations such as chambers of commerce were also revealed to be less than perfect.

However, the tone of the discussions showed a strong commitment by the board and some real optimism that Britain's poor training record could be improved.

● Centec is asking for £1.5m *more public money for 1992-93* than last year, when it received £11.6m. "We are having to ask for more in order to do all the things you have decided you want to do," Roddy Skidmore, chief executive, *told* the board. "We have not massaged the figures. We are telling the government that this is what we need." Given that the government does not want to increase its spending on training, the board was aware that any requests needed to be well presented.

Richard Lacy, chief executive of the Independent Mortgage Corporation, wanted to know why 50 per cent of the budget was spent on Youth Training. Other board members questioned a proposed 22 per cent increase in administration costs for stimulating local companies own training programmes.

● Like most other Tecs, Centec applied for funding for training credits – a pilot scheme in which individuals receive a "credit" – on average £1,500 – which they can exchange for training with a local employer or a training company. The objective is to give individuals greater responsibility for their training.

Centec's application was rejected, *and a post-mortem* took place. Terry Morgan, managing director of Land Rover Vehicles, impatiently asked: "Why did we not succeed when it was something we desperately wanted to do? What should we do differently next *time we apply?"*

Skidmore suggested two reasons for the failure. First, Centec was still too orientated to Youth Training through training intermediaries and was not sufficiently involved with local employers.

Second, some Tecs that had been successful may have been over optimistic in what they said they could deliver. John Turnbull, chief education officer of Hereford and Worcester council, suggested that the scheme itself might be flawed.

● Nobody on the board spoke *well of the scheme inherited* from the Department of Employment, in which long-term unemployed adults sign on for training that bears no relationship to local job vacancies. Take-up of the scheme in the Centec area was low, the board was told. "A lot of unemployed people consider it a way to remove them from the unemployment *statistics,"* muttered one board member.

Centec is experimenting with training tailor-made for specific employers who guarantee the individual a job interview. Ten placements have been *found.*

● Centec decided in its early days that it should be a facilitator, not a provider, of services. In practice this meant pulling together existing organisations and giving them a sharper focus. But now it has discovered it needs to be more flexible. Skidmore proposed that Centec lead an employment project in Chelmsley Wood, a 1950s housing estate on the edge of Birmingham with one of the highest unemployment levels in the country. Skidmore said he believed existing initiatives in the area were not meeting the need and that the Tec should pursue an offer of sponsorship and appoint a full-time manager on the site who would concen*trate on developing small busi*nesses and skills.

"We are changing our tack," said Scampion, who believed the Tec should not take the practical lead in the project. He asked whether the Tec was not losing its strategic direction. *"Not at all – we are seeking to* meet local needs," said Roberts.

Centec has responsibility for the Management Charter Initiative (MCI) which seeks to improve the quality of management training. Centec asked local chambers of commerce to run the scheme for it.

At a previous board meeting it had been agreed that the MCI needed to be speeded up, and doubts were expressed over whether chambers would be able to do this.

Skidmore told his board that chambers now had seized the *initiative. A new head had* been appointed and positive results were expected in the future. Skidmore said: "The key to the MCI is getting the management of it right. We need to drive the scheme through with big companies and then we will have a cascade effect on smaller ones."

It was a comment typical of Skidmore, a former army officer who brings an engaging enthusiasm to his new job. Likewise his board, while coming from very diverse backgrounds, all demonstrated a strong grasp of the strategic issues coupled with an understanding that the haul would be a very long one.

Mandela's mandarins

William Keeling reports on a course for civil servants

The task of transforming South Africa into a multi-racial society was taken up in London last week when 10 black South Africans began a course at the Civil Service College (CSC).

The six-week programme, sponsored by the UK government's Overseas Development Administration, grew out of a request last July from Nelson Mandela, president of the African National Congress, for help in training civil servants.

Of the participants, six have been nominated by the ANC, two by the Pan Africanist Congress, and one each from the Azanian People's Organisation (Azapo) and the non-political Institute for Multi-Party Democracy.

The purpose of the programme is to provide first-hand knowledge of a western government's civil service to prospective black senior officials. Employment within South Africa's civil service is roughly split between blacks and whites but as Sindiso Mfenyana, an ANC member, explained: "All the responsible positions are manned by whites." One supervisor described the first day as "a humbling experience" as the participants described their *life-histories*, and set out what they expected from the course.

They are all more than 40 years *old but* none has civil service experience. Josiah Jele of the ANC trained at the military academy of the *former* Soviet Union, was a freedom fighter in Mozambique, and as a former director of ANC Broadcasting, was in charge of propaganda.

The changes within South African society are mirrored by the personal transformation of Jele from someone who "hated authority" to being "very much interested in local government".

He says of the programme *that the participants will* "take those parts that are relevant to our situation", and hopes that "it will help us to empower the disadvantaged in our country".

Zithulele Cindi of Azapo is a former inmate of the notorious Robben Island prison off Cape Town and considers trade unionists the ideal future civil servants. "We should adapt what is appropriate (from the CSC programme) and design a civil-service which is development-oriented," he says.

The course includes formal lectures and training courses, as well as attachments in which participants will shadow senior officials and sit in on policy commissions and departmental committee meetings.

The training courses will include financial management, accountability, business planning, team building and interpersonal skills. In the first week lectures included the role of the British government, parliament and civil service.

Course supervisors insist that their intention is not "to sell" the Westminster political model, but to explain the framework within which the UK civil-service operates.

The six-week course is a drop *in the ocean of* what is required for South Africa, which has 748,000 employees in the civil service.

The country also has its own problems which make the task of creating a multi-racial civil service even more daunting. *Not* only must antagonism between the entrenched senior white civil-servants to new black colleagues be restricted but the civil-services of the 10 homeland governments must also be integrated into a unitary structure.

A spirit of compromise and negotiation is likely to be stressed in the formal lectures, and also be in evidence in the everyday business of government departments visited.

Indeed some observers believe the programme was designed to smooth relations between Britain and the ANC, so ruffled by Margaret Thatcher's description when prime minister of some ANC members as terrorists.

Whether the British Civil Service will be used as a role model for the new South Africa has yet to be seen. But as Marianne Neville-Rolfe, chief-executive of CSC, *noted:* "South African government institutions do have a Whitehall pedigree. A lot is transferable."

Backward coming forward

In Britain, it is considered good practice to put an oil tray under a machine to collect drips, but in Germany trays are not needed because machines do not leak.

This observation is contained in a new survey which confirms that corporate purchasers in the UK are a walk-over. They are least likely among those in the big four *European economies* – Britain, Germany, Italy and France – to fulfil the role of "demanding customers".

The study, undertaken by London Business School researchers on behalf of Korda & Company, the London-based consultants and venture capitalists, was based on responses from 37 companies in four industries: woodworking machinery, broadcasting equipment, high-technology engineering and specialty chemicals.

Some 87 per cent of all respondents said they believed businesses benefited from demanding customers while a total of 76 per cent believed that they benefited from having demanding customers in their own home market. *Over*all the study reaches three main conclusions

● Just over half of all respondents agreed that customers in some countries were more demanding than in others.

● Where country differences were perceived, German customers were seen as the most demanding for quality, technical innovation and customer service.

● UK purchasers were the least likely customers to put pressure on suppliers to upgrade product quality or introduce innovative features.

Both the bias against long-term relationships and the relative lack of interest in quality and innovation work against UK purchasers.

The researchers say this means British suppliers need to look outside the UK to form beneficial relationships with demanding customers.

"Never Mind the Quality..." Korda & Company, 18-20 Farringdon Lane, London EC1R 3AU. £20 plus Vat

Paul Taylor

THE WEEK AHEAD

ECONOMICS

Eyes on both sides of Atlantic scan figures for indications of recovery

A WELTER of figures from the US and UK will be watched keenly this week for hints that economic recovery is on the way.

Little cheer for the flagging US economy is expected from industrial production and retail sales figures for December. The retail sales figures are predicted to reflect the weakness of demand in the run up to Christmas, which may lead *to further retrenchment* in the business sector. Both sets of figures will be watched closely for signs that the Federal Reserve will attempt to revive the economy by cutting US borrowing rates again.

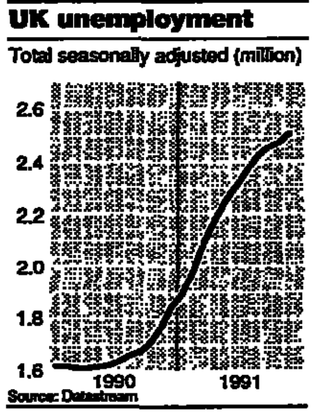
The main news in the UK will be the release of December's unemployment figures. Economists expect a rise of about 30,000, less than November's sharp increase of 38,000.

A fourth consecutive monthly increase in the UK retail prices index would suggest that inflation was not being squeezed out of the economy as quickly as the government predicted.

Highlights of the week ahead, with the median of city forecasts in brackets from MMS International, a financial information company, include:

UK unemployment

Total seasonally adjusted (million)



Source: Datastream

Today: UK, final figures for retail sales in November (up 1.2 per cent), credit business for November (unchanged); US, November housing completions; Norway, December trade balance; Canada, October wages and salaries (up 0.2 per cent); Belgium, EC finance ministers' council meeting; Switzerland, Regular Bank for International Settlements meeting.

Tomorrow: UK, producer price index for December - output (up 0.1 per cent on month), input (down 0.5 per cent on month); US, December retail sales (down 0.1 per cent), exclu*ding autos (up 0.01 per cent);* Japan, wholesale price index for January (unchanged on month, down 1.6 per cent on year).

Wednesday: US, November business inventories; Germany, GNP for 1991 (up 3.2 per cent on year); France, December consumer price index (up 0.1 per cent on month, and 3.1 per cent on year); Spain, December consumer price index; Italy, vote on budget privatisation measures.

Thursday: UK, December unemployment (up 30,000), December vacancies, November average earnings (up 7.25 per cent); US, December consumer price index (up 0.2 per cent), excluding food and energy (up 0.3 per cent), December real earnings, M1 for December ($7bn), for week end*ing January 6 (-$4bn), M2 for* December ($6.3bn), for week ending January 6 (-$8.5bn), M3 for December ($7.6bn), for week ending January 6 (-$12bn), state benefits for week ending December 28; Sweden, December consumer price index; Australia, December unemployment rate (10.6 per cent); Canada, November unfilled *orders (down 0.2 per cent).*

Friday: UK, December retail price index (up 0.1 per cent on month, up 4.5 per cent on year), ex-mortgage interest payments (up 5.8 per cent on year), December PSBR (-£800m); US, December industrial production (-0.1 per cent), November merchandise trade balance (-$6bn), merchandise exports ($36.5bn), and merchandise imports ($42.5bn), December capacity utilisation (78.9 per cent); Australia, November retail trade seasonally adjusted (up 0.5 per cent), Canada, November merchandise trade balance (C$350m, surplus), merchandise imports (down 0.2 per cent), merchandise exports (up 0.5 per cent).

During the week: Germany, December wholesale price index (down 0.2 per cent), December producer price index (down 0.2 per cent), November retail sales (up 1.3 per cent on year).

Emma Tucker

RESULTS DUE

CONGLOMERATES may be out of fashion, but Tomkins is expected to deliver a healthy interim profit increase of perhaps 35 per cent today.

With Philips Industries, acquired in August 1990, in for the full six months, pre-tax profits are estimated to have risen from £31.2m to about £42m. Two thirds of the group's sales are in the US. *Murray Ohio*, maker of lawnmowers and bicycles, may have performed well.

Stockbroker analysts in the City expect TSB, the sixth largest UK banking group, to announce a pre-tax loss of between £30m and £60m for 1991, when its annual results are published on Thursday. TSB may have to put aside about £665m in provisions against bad loans. A year ago TSB posted pre-tax profits of £312m, but heavy losses by Hill Samuel, its merchant banking arm, drove it into a £150m pre-tax loss at the half-way stage.

Asda, the hard-pressed grocery chain, is due to announce a ghastly set of full-year results on Wednesday.

The food retailing industry has recently been affected by a worrying fall in sales volumes and Asda has suffered more than most. Small shifts in sales can have a huge impact on profits because of grocers' high operational gearing and analysts have therefore forecast a wide spread of profits estimates ranging from £5m to £35m. Last year, Asda made £58.6m at the half-year stage.

Stakis, the hotel and nursing homes group of which Sir Lewis Robertson took over as chairman last March, produces its full year results on Tuesday. At the half year stage, Stakis lost £45.1m, including £44m write-offs as part of Sir Lewis's rescue, which included the sacking of Andros Stakis as chief executive.

Analysts are forecasting a full year pre-tax loss to the end of September of between £47m and £50m, varying according to their assessments of how badly Stakis has traded in the second half, during which it has sold its pubs but not its casinos.

First Leisure is expected to report full-year pre-tax profits of about £30m on Wednesday from its interests in ten-pin bowling, holiday attractions, discotheques and theatres.

UK COMPANIES

■ TODAY
BOARD MEETINGS:
Finals:
Aukett Assocs.
Evode
Hawtin
Interims:
Dalepak Foods
Ellis & Everard
Excalibur
Fletcher King
Real Time Control
Tomkins
■ TOMORROW
BOARD MEETINGS:
Finals:
Burndene Invs.
Crown Comms.
Eurotherm Int.
Stakis
Interims:
Aberforth Split Level
Barbour Index
Bucknall
Debenham Tewson & Chinnocks
Howden
Nobo
■ WEDNESDAY JANUARY 15
COMPANY MEETINGS:
Automagic, A.M. House, Coldharbour Lane, Harpenden, Herts., 10.00
Capital Radio, Duke of York's Theatre, St. Martins Lane, W.C., 11.00
M & G Group, Painters Hall, Little Trinity Lane, E.C., 12.00
New Zealand Inv. Trust, 1, Finsbury Avenue, E.C., 12.30
Shani, Marriot Hotel, 10, Grosvenor Square, W., 12.00
Wolverhampton & Dudley Breweries, Station Hotel, Dudley, 12.00
BOARD MEETINGS:
Finals:
First Leisure
Gestetner
Group Dev. & Cap. Trust
London Scottish Bank
Southern Business
Interims:
ASDA
Colorvision
Wyko
Zetters
■ THURSDAY JANUARY 16
COMPANY MEETINGS:
BOC, Savoy Hotel, Strand, W.C., 11.00
Concentric, Penns Hall Hotel, Penns Lane, Sutton Coldfield, 2.30
Govett Atlantic Inv. Trust, Shackleton House, 4, Battle Bridge Lane, S.E., 12.35
Royal Bank of Scotland, Caledonian Hotel, Edinburgh, 12.00
Strata Invs., 3, Finsbury Avenue, E.C., 2.30
BOARD MEETINGS:
Finals:
Davenport Vernon
Lookers
Microgen
Selective Assets Trust
TSB
Interims:
Hampson Inds.
Markheath
Stanley Leisure
■ FRIDAY JANUARY 17
COMPANY MEETINGS:
Bellway, Gosforth Park Hotel, High Gosforth Park, Newcastle upon Tyne, 12.00
Cooper (Frederick), Park Hall Hotel, Park Drive, Goldthorn Park, Wolverhampton, 12.00
Wellcome, Grosvenor House Hotel, Park Lane, W., 11.00
BOARD MEETINGS:
Finals:
LPA Inds.
St. Andrew Trust
Interims:
Lazard Select Inv. Trust
Peel Hldgs.
Sutcliffe Speakman

Company meetings are annual general meetings unless otherwise stated.

PARLIAMENTARY DIARY

TODAY

Commons: Nurses, Midwives and Health Visitors Bill, 2nd reading. Motion on Northern Ireland tourism. Opposed private business.
Lords: Local Government Bill, 3rd reading. Question to government on the roles of the Non-Proliferation Treaty and the Anti-Ballistic Missile Treaty.
Select Committees: Public accounts - Subject, Employment and Youth Training. Witness: Sir Geoffrey Holland, Employment Department Group (Room 16, 4.30 pm).
Social Security - Subject, Operation of Pension Funds. Witnesses: Kevin Maxwell and Ian Maxwell (Grand Committee Room, Westminster Hall, 2 pm).

TOMORROW

Commons: Debate on nuclear defence. Motion on the Ports Act 1991.
Lords: Further and Higher Education Bill, report stage. London Regional Transport (Penalty Fares) Bill, 2nd reading.
Select Committees: Foreign affairs - Subject, Europe after Maastricht. Witness: Douglas Hurd, MP, foreign secretary (Room 15, 10.30 am).
Social Security - Subject, *Operation of Pension Funds.* Witnesses: National Association of Pension Funds; Society of Pension Consultants; Association of Consulting Actuaries; Association of British Insurers (Room 21, 10.30 am).

WEDNESDAY

Commons: Coal Industry Bill, remaining stages.
Lords: Debate on the construction industry. Debate on British Rail problems related to the Channel Tunnel and Network South-East. Question to government on action to improve choice and services for the deaf.
Select committees: Energy - Subject, Electricity privatisation. Witnesses: National Grid Company plc; National Power plc; John Wakeham, MP, energy secretary (Room 8, 10.20 am).
Environment - Subject, Coastal zone protection. Witnesses: MAFF; National Rivers Authority (Room 21, 10.30 am).
Foreign affairs - Subject, Developments in Central Europe. Witnesses: Foreign Office officials and Peter Ludlow, Centre for European Policy Studies, Brussels (Room 6, 10.30 am).
Trade and Industry - Subject, Exports to Iraq. Witness: Dr Christopher Cowley (Room 15, 10.30 am).
Agriculture - Subject, The trade gap in food and drink. Witnesses: MAFF, Foreign Office, Trade and Industry department (Room 20, 10.45 am).
Health - Subject, Health policy and the European Community. Witness: Baroness Hooper, Department of Health (Room 21, 4.15 pm).
Trade and Industry - Subject, Exports to Iraq. Witness: Dr Christopher Cowley (Grand Committee Room, Westminster Hall, 4.15 pm).
Transport - Subject, Preparations for the Channel Tunnel opening. Witnesses: Charterail (Room 6, 4.15 pm).
Treasury and civil service - Subject, BCCI: international and national banking regulations. Witnesses: Prof Richard Dale, Southampton University; John Heimann, Merril Lynch & Co (Room 18, 4.15 pm).
Home affairs - Subject, Police complaints procedures. Witnesses: Police Complaints Authority (Room 8, 4.30 pm).
Public accounts - Subject, Development board for rural Wales. Witnesses: Sir Richard Lloyd Jones, Welsh Office; Mr M. Flanagan, Development board for rural Wales (Room 15, 4.15 pm).

THURSDAY

Commons: Coal Industry Bill, remaining stages.
Lords: Further and Higher Education Bill, report. Motion that the amendment to the code of practice under the Mental Health Act 1983 be withdrawn.
Select committee: Health - Subject, Maternity services. Witness: Virginia Bottomley, MP, Health minister (Room 21, 4 pm).

FRIDAY

Commons: Private Members' Bills.
Lords: Aggravated Vehicle-Taking Bill, 2nd reading. Dog Control and Welfare Bill, 2nd reading. Sunday Trading Amendment Bill, 2nd reading.

DIVIDEND & INTEREST PAYMENTS

■ TODAY
600 Grp. 1p
Alps Electric 7% Bd. 1998 Y182777.0
Do. 7% Bd. 1999 Y182777.0
Do. 7% Bd. 2000 Y182777.0
Anglo Irish Bank 2p
Barlow Rand 119cts.
Cape 3p
Clyde Blowers 7.07p
Commonwealth Bank of Australia Un. Fltg. Rate Nts. $343.58
Hambros 4.2p
Do. N/Vtg. 2.1p
In Shops 0.88p
Marine Midland Fin. Gtd. Fltg. Rate Sb. Nts. 1994 $14.69
Mid Kent Hldgs. 4.5p
Nat West Bank Prim. Cap. Fltg. Rate Nts. (Ser.A) $345.52
Tiger Oats 46cts.
■ TOMORROW
BZW Convertible Inv. 1.5p
British Steel 3p
Fluor 10cts.
Funding $3\frac{1}{2}$% 1999/2004 $1\frac{3}{4}$pc.
Kwik Save 10.4p
Ricoh 7% Bd. 2000 Y194444.0
Royal Bank of Canada Int. Bd. Fd. Ptg. Rd. Pf. 33cts.
Treasury $12\frac{1}{2}$% Ln. 1993 $6\frac{1}{4}$pc.
Treasury 13% 2000 $6\frac{1}{2}$pc.
■ WEDNESDAY JANUARY 15
Agricultural Mortgage $6\frac{1}{4}$% Db. 1992/94 $3\frac{1}{8}$pc.
Do. $5\frac{1}{2}$% Db. 1993/95 $2\frac{3}{4}$pc.
AmBrit Int. 9% Cv. Un. Ln. 1998 $4\frac{1}{2}$pc.
Am. Medical Int. $9\frac{3}{4}$% Un. Ln. 2011 $4\frac{7}{8}$pc.
Ash Capital Fin. (Jersey) $9\frac{1}{2}$% Cv. Cap. Bd. 2006 (Reg) 4.75p
Do. (Br) 4.75p
BCE 65cts.
Barclays Bank 12% Un. Cap. Ln. 2010 6pc.
Bradford & Bingley Bldg. Society Fltg. Rate Nts. 1999 £284.59
CRH 4.3p
Caffyns 5p
Castle Comms. 4.5p
Chrysler 15cts.
Churchbury Ests. 4.2% Cm. Pf. 2.1p
Clarke Foods 8% Cv. Un. Ln. 1997 4pc.
Edinburgh Inv. Tst. $3\frac{3}{4}$% Db. 1998 $1\frac{7}{8}$pc.
Evode 7p Cv. Cm. Rd. Pf. 7p
GFC Int. Fin. $10\frac{1}{2}$% Gtd. Db. 1995 $5\frac{1}{4}$pc.
Govett Strategic Inv. Tst. $10\frac{3}{8}$% Db. 2016 $5\frac{3}{16}$pc.
Grampian TV N/Vtg. A 1p
Halifax Bldg. Society Fltg. Rate Nts. 1995 £284.52
Helical Bar 5.25% Cv. Cm. Rd. Pf. 2012 2.625p
IWP Int. 2.75p
Inco 9% Db. 1992 $1007.50
Do. $15\frac{3}{4}$% Un. Ln. 2006 $7\frac{7}{8}$pc.
LASMO $9\frac{5}{8}$% Cm. Rd. Pf. 4.8125p
Lucas Inds. $10\frac{3}{4}$% Un. Ln. 1992/97 $5\frac{3}{8}$pc.
McKechnie 9.75p
Mid Kent Water 4% Perp. Db. $4\frac{1}{2}$pc.
Morgan (J.P.) 54.5cts.
Do. Idr 54.5cts.
Motorola 19cts.
Murray Int. Tst. 3.9% Cm. Pf. 1.95p
Next $5\frac{3}{4}$% Cv. Bd. 2003 (Reg) $5\frac{3}{4}$pc.
North Surrey Water 4% Db. 2pc.
Do. $5\frac{1}{4}$% Db. $2\frac{5}{8}$pc.
Do. $4\frac{1}{4}$% Db. $2\frac{1}{8}$pc.
Do. $7\frac{1}{4}$% Rd. Db. 1991/93 $3\frac{5}{8}$pc.
Northchart Invs. 11cts.
Northern Indl. Improvement Tst. 15p
Occidental Petroleum 25cts.
Owen & Robinson 0.15p
Pacific Gas & Elect. 41cts.
Perkins Foods Cm. Cv. Rd. *Pf. 4p*
Property Partnerships 2.5p
Quaker Oats 43cts.
Quebec Central Railway Cap. 2.5pc.
Ramus 0.1p
Royal Tst. Govt. Sec. Fd. Ptg. Rd. Pf. 1.4p
SmithKline Beecham A 3.75p
SmithKline Beecham/
SmithKline Beckman 42.44cts.
Southnews 0.5p
Sweden (Kingdom of) 11% Ln. 2012 (Reg) $5\frac{1}{2}$pc.
Treasury $9\frac{1}{2}$% Ln. 1999 $4\frac{3}{4}$pc.
Waddington (John) 3.6p
Witan Inv. 3.4% Cm. Pf. 1.7p
Young (H) 4p
■ THURSDAY JANUARY 16
Anglo & Overseas Tst. $4\frac{1}{2}$% Cm. Pf. 1.575p
Body Shop Int. 0.68p
Concentric 7.63p
Dart 1.3p
East Surrey Water 3.58p
European Inv. Bk. 9% Ln. 2001 (Reg) $4\frac{1}{2}$pc.
M & G Grp. 10.75p
M & G Second Dual Tst. Cap. 13.19p
Do. Inc. 13.19p
Nat West Bank Non-Cm. $ Pf. Ser.A $0.626209
Penna 1p
Ritz Design 1.6p
Shani 2.4p
Skopbank Ser.A Und. Sb. Var. Rate Nts. $159.72
Stoddard Sekers 0.75p
Treasury $6\frac{1}{2}$% Ln. 2007 $4\frac{1}{4}$pc.
■ FRIDAY JANUARY 17
3i Fltg. Rate Nts. 1994 £132.75
Anglo Am. Corp. of South Africa 90cts.
Bank of New York Overseas Fin. Gtd. Fltg. Rate Sb. Nts. Jan. 1998 $140.58
Barings Gtd. Fltg. Rate Cap. Nts. 2001 $338.61
British Inv. Tst. 5.5p
Capital Radio 3.6p
Citicorp Overseas Fin. Gtd. Fltg. Rate Nts. 1962 $135.76
City of London PR Grp. 1.04p
Cropper (James) 0.975p
Drummond 0.75p
Elswick 0.22p
First Iberian Fd. 5cts.
Govett Atlantic Inv. Tst. 2.3p
Hogg Robinson 2.5p
Jarvis Porter 1.4p
Leeds Permanent Bldg. Society Fltg. Rate Nts. 1994 £133.07
Lucas Inds. 4.9p
Merrydown Wine 1p
Nationwide Anglia Bldg. Society Fltg. Rate Nts. 1996 £133.54
Northern Investors 3.5p
Okobank Osuuspankkien Keskuspankki Var. Rate Sb. Nts. 2000 $153.01
Premier Group 32cts.
Sanwa Int. Fin. Gtd. Fltg. Rate Nts. 1993 $3341.39
Scantronic 0.79p
South Staffordshire Water 10.9p
Stirling Group 0.8p
Treasury $2\frac{1}{2}$% I.L. 2024 £1.7065
Woolwich Bldg. Society Fltg. Rate Nts. 1993 £288.51
■ SATURDAY JANUARY 18
Echlin 17.5cts.
Throgmorton Dual Tst. 1.75p
■ SUNDAY JANUARY 19
Exchequer $9\frac{1}{4}$% 1998 $4\frac{5}{8}$pc.
GEI Int. 2.47p
Treasury 2% I.L. 2006 £1.92

ARCHITECTURE

The death of a visionary

Colin Amery remembers the work of the late Roger Ferri

In a city where one in every 63 of the population is now deemed to be HIV positive, the recent death of one young architect may be seen as a blip on the hospital computer screens. New York now "lives with AIDS" and last week it was my grim duty to speak at a memorial service and attend a requiem mass for the soul of an architect friend, Roger Ferri, who has died of AIDS aged only 42.

AIDS is reaping a rich and untimely harvest, particularly among the "artistic community" in many countries, but it does seem to have had the most devastating results in New York. There are, of course, hundreds of unrecorded deaths from this plague, but it is the tally of workers in the arts and architecture that especially concerns me.

For an architect to be stricken with AIDS there are especial problems. In many cases there is a conspiracy of silence made necessary to ensure the continuation of a flow of work into the office. When the reputation of an office or studio depends on the design talent of one person – which is often the case – and that person is affected by the virus, all work can easily dry up. Roger Ferri almost needed to wear a disguise as his condition worsened over four years and he struggled to maintain a flow of work. The stress of this way of living (and dying) is hard to imagine.

What was it that made Ferri's short career so remarkable? From the beginning his training marked him out as an unusual kind of architect. It was the kind of training that is slowly being adopted again as architects are forced to realise the artistic poverty of much of their work. After an orthodox architectural training at Pratt Institute in Brooklyn, Ferri studied figure drawing, anatomy and painting at the Art Students League of New York. It must have been this solid background of artistic training that made Ferri's drawing style so remarkable. He realised that drawing was the key to architecture, even in these mechanistic days.

It was his drawing skill that gave him his first serious break. The curator of architecture and design at New York's Museum of Modern Art invited him, with others, to explore in drawings the answer to the question: "What would you do if you were free of all emotional and intellectual commitment to modern architecture?" This was a loaded question designed to encourage a response that would move architecture beyond mere functionalism.

Ferri's imagination was fired by this question to produce not simply an unusual new design for a building, but to suggest an approach to design which he called "A proposal for an American architecture and urbanism in the post petroleum age." With all the energy and bravado of the young (this was in 1979) he proposed that architects should return to nature as the source of their inspiration. Nature could provide all the roots of ornament and structure, at the same time as it provided a referential framework that had real meaning. This is best understood in some of the drawings that Ferri produced for the Museum of Modern Art – and they remain in the Museum's permanent collection.

The living/dining room in the house designed by Roger Ferri in Ligonier, Pennsylvania

These drawings show a plan for an imaginary city set in the plain with clear boundaries between town and country. At the heart of this pedestrian city there is a great domed hall – somewhat in the tradition of Ledoux. It was to be called the Hall of the Three Races and giant figures representing Europe, Africa and Asia spin in the dome against a spiralling galaxy. Around the dome and spreading throughout the city are a series of hypostyle courts. These courts are halls of columns; each column rises up some forty feet and at its top bursts into bloom in the form of a lily. Each curved petal of the lily joins to form the lines of a vaulted roof. It may sound strange and unworkable but it was entirely feasible. As one critic wrote at the time: "Ferri shows how to butt the flowers on the domes of Buckminster Fuller."

These visionary drawings showed nature as a source of Divinely ordered geometry. Ferri was to go on and prove that this vision was entirely workable. In more receptive times he would have been demonstrating his talent by using geometry to create Baroque churches probably in the manner of Guarino Guarini's masterpieces in Turin. In fact he was able to build a small number of remarkable houses and spread his influence through theoretical projects.

One of these projects, a skyscraper for Madison Square, showed a fusion of nature and architecture by turning the skyscraper into a mountain with trees and goats and running streams. The "mountain" was in fact a series of terraces and hanging gardens planted and landscaped around the core of an orthodox modern tower. It was entirely feasible and was later to be developed as the "Spiral Tower", where the actual structure of the tower curved heavenwards only to burst into bloom like a giant tree as it reached the sky.

On a more modest scale many of Roger Ferri's ideas were condensed into a weekend house at Ligonier, near Pittsburg. The fortunate owners of this house occupy the equivalent of a house in the American tradition of Frank Lloyd Wright of harmony between landscape and architecture. This house also showed that Ferri's work encompassed the design of interiors, furniture and decorative objects which he hoped would spark off a revival of American craftsmanship.

Roger Ferri's untimely death removes one of the few visionaries on the architectural scene. His drawings and archives are to be preserved at the Avery Library at Columbia University in New York with the hope that students of architecture will continue to be inspired.

Xerxes

COLISEUM

Occasionally, very occasionally, things get better. This celebrated English National Opera show, probably the most widely admired and influential Handel opera staging of the 1980s, has returned after a three-year interval for its latest revival – and affords three-and-a-half hours of purest delight, a pleasure and a boon which in the grey days of January only the most determined puritans will be able to deny themselves.

The Nicholas Hytner production, an infinitely ingenious and sophisticated meeting of late-1730s taste and late-20th-century theatrical legerdemain, is expertly revived by Julia Hollander. Far from having dimmed or dated, as yesterday's chic successes are wont to do, it gleams and glistens with wit, intelligence, comic sparkle and a deep sympathy with the absurd intricacies of human passion. The work, a late-Handel mixture of musical-comedy lightness and *opera seria* depth, comes across as a *sui generis* masterpiece, Mozartian, Shakespearean and Handelian all in one go.

The slight air of archness which the production carried when new, in 1985, has completely disappeared. This must be because the original cast members (Ann Murray, Christopher Robson, Jean Rigby, Christopher Booth-Jones) have sunk themselves wonderfully deep inside their words and their music, and the newcomers (Yvonne Kenny, Rosa Mannion, Norman Bailey) are all absolute experts in this delicate mesh of vocal and dramatic style.

Anyone who assumes Mr Bailey can only do noble veterans is in for the happiest of surprises - his red-faced, thigh-slapping military man is a perfect silly-ass cameo, and agilely sung to boot. One despairs, indeed, of doing justice to the cast – each member merits long hymns of praise. Miss Murray (Xerxes) speaks volumes with the subtlest of glances and vocal inflections (but she's a little short on chest-register power in her final showpiece). Miss Kenny (Romilda, in utterly ravishing, heart-melting voice) and Miss Mannion (Atalanta) are enchantingly well-constrasted as fair elder and deceitful young sister.

Mr Robson's penetrative countertenor and bluff, frank manner make a bold match with Arsamenes's emotional upheavals. And though Miss Rigby's rich mezzo sounded a touch clouded (an unannounced cold?), her faithful, tender-hearted Amastris seems warmer and lovelier than ever.

Yvonne Kenny, Christopher Robson and Rosa Mannion

Alastair Muir

The conductor is Ivor Bolton; this is his house debut. The touch is gentler, softer, more leisurely and lingering than that of his sparkling predecessor, Charles Mackerras. On Friday not every slow tempo seemed ideally judged or sustained. Yet the unique flavour of the opera and the production was communicated with marvellous acuteness. In a word, unmissable.

Max Loppert

Tchaikovsky as artist and man

With *Tchaikovsky: The Final Years 1885-1893* (Gollancz 1991, 527 pp £45), David Brown completes the most extensive survey of that composer's life and works yet written in English. In bulk, Brown's four volumes fall short of Modeste Tchaikovsky's massive *Life of Peter Ilyich Tchaikovsky*, issued at the turn of this century, but Brown far outstrips the composer's brother in musical insight and evenhandedness.

Brown's scholarly virtues continue to enliven the latest volume with his sensitive integration of life and art, and acquainting the reader with Tchaikovsky's neglected capital works. His discussion of the opera *The Enchantress* is exemplary in this respect, one of several analyses richer and more thoughtful than those found in the earlier volumes.

For the most part Brown eschews extraordinary interpretations of Tchaikovsky's personal life and deals with evidence from available sources as it stands. He sees Tchaikovsky's later years as full of constant interruptions from compositional pursuits, which in turn bespeak the extraordinary discipline and energy behind the creation of the Fifth and Sixth Symphonies, *The Sleeping Beauty*, and *The Queen of Spades*.

From this vantage point the composer emerges more charitable than self-centered – financing a village school, arranging for the adoption of his niece's illegitimate son, using his prestige and money on behalf of other artists. Tchaikovsky's acquaintances with the young Richard Strauss, Gustav Mahler and Ferrucio Busoni clarify his place in the continuity of western music, here in a clearer and more satisfying way than in other accounts.

Since Volume I of his *Tchaikovsky* appeared in 1978, Brown has surely experienced and obviously resisted pressures to yield to the latest fashions of historiography. He appeals to readers who like their Tchaikovsky in the grand tradition, untainted by deconstruction, Marxism, feminism, or those analysts for whom historical context is irrelevant and the works' autonomous greatness a fiction. Psycho-sexual interpretation is a part of this *nouveau vague*, replete with hints of the sensational, judging from a young musicologist in Chicago recently who argued that Schubert's "Unfinished" Symphony was a record of its composer's being raped as a child by his father.

While not so extreme as this, *Alexander Poznansky's Tchaikovsky; The Quest for the Inner Man* (New York: Schirmer, 1991, 679 pp, $39.951) is a counterpoint to Brown's book which seeks to put the record straight on the long-known and occasionally controversial topic of Tchaikovsky's sexuality. Poznansky's premises are unassailable: that a scrutiny of this kind is pertinent and overdue, and that sundry hands have attempted to purge Tchaikovsky's correspondence of references to homosexuality.

We learn from the book that Poznansky was born in Russia, graduated from Leningrad University, and is now living in the US. There is no mention of his specialty, leaving open to question the relationship of his credentials to those of professionally trained psychoanalysts, such as Maynard Solomon and Alan Tyson, who also study the lives of composers. This question aside, Poznansky's book reflects a diligent scrutiny of published sources, including Tchaikovsky's rare *Letters to Relatives*.

Poznansky's is an exhaustive account of Tchaikovsky's life consisting mostly of the composer's quotations, which he glosses to highlight the details of Tchaikovsky's sexual urges. This is the book's major preoccupation, as if the inner man were not formed as well by religious belief, worldly fame, artistic sensitivities and friendships based on considerations other than sex. Poznansky relies heavily on his own interpretations of words in the texts he quotes, his conjectural restoration of expurgations, and outright speculation, most of which are persuasively presented if unverifiable.

Yet Poznansky offers some fine insights. Whatever the folly whereby Tchaikovsky thought his marriage might succeed, the bulk of his marital agony derived as much from the fact that his wife was deranged as from any fear of exposure. Poznansky also corrects the impression of some widely misinterpreted alphabet letters in Tchaikovsky's diaries, thought to refer to homosexual urges but probably connoting the near-irrepressible anger which sometimes came over Tchaikovsky while playing cards.

For all its virtues, the book is myopic and far-flung, wavering uncomfortably between somewhat inconsistent vantage points. We are asked to accept that Tchaikovsky was neurotically afraid of his homosexuality being exposed, but also that Russians of all social strata in Tchaikovsky's day treated homosexuality as an open secret. In this connection Nadezhda von Meck becomes an almost Russellesque caricature, whose puritanical views about sex would bring an end to Tchaikovsky's subsidy if he were discovered. Yet in reality it seems unlikely that a woman who endured 18 pregnancies, ran a multi-million-rouble business, patronised art and travelled widely, would be quite such a prude.

Poznansky does not allow the Tchaikovsky-Meck friendship to stand on its merits, a remarkable blend of practical earthly generosity and idealistic escape from earthly travail. But he concedes, in retrospect, that Meck probably knew about Tchaikovsky's sexual orientation for many years while this extraordinary flirtation was being carried on.

On one point – Tchaikovsky's death – Poznansky and Brown exchange places. Brown persists in advancing the psycho-sexual hypothesis that Tchaikovsky's death was a suicide forced upon him when a homosexual liaison threatened to be exposed. The traditional view, that he died of cholera after drinking unboiled water, is part of an elaborate conspiracy to disguise the facts.

Poznansky, who has refuted this interpretation elsewhere, accepts that Tchaikovsky died from cholera and dismisses the conspiracy as one of many unfounded and bizarre speculations. What is indisputable about Tchaikovsky's death is that the facts are unknown and the implications of his final illness murky. What is notable in these accounts is the retrenchment of their authors from more vehement stands taken in earlier publications. Perhaps this contentious point is imploding upon itself, a sign that disparate strands of Tchaikovsky's biography are moving towards an uneasy consonance.

Roland John Wiley

INTERNATIONAL ARTS GUIDE

TODAY'S EVENTS

AMSTERDAM

Concertgebouw 20.15 Beaux Arts Trio plays piano trios by Haydn, Schumann and Mendelssohn. Tomorrow: Spanish baroque programme conducted by Jordi Savall. Thurs, Sat and Sun: Riccardo Chailly conducts the Royal Concertgebouw Orchestra. Fri: Barbara Hendricks recital. Sat afternoon: Valery Gergiev conducts Tchaikovsky's rarely-performed opera The Sorceress (6718 345)

BARCELONA

Palau de la Musica 21.00 La Grande Ecurie et La Chambre du Roy plays music by Lully, Campra and Rameau, with soprano Veronique Gens and baritone Peter Harvey. Fri, Sat, Sun: Garcia Navarro conducts Beethoven and Brahms (268 1000). Thurs and Sun in Gran Teatre del Liceu: Mark Ermler conducts Tchaikovsky's Queen of Spades (412 1466)

BERLIN

MUSIC

Staatsoper unter den Linden 19.00 Fabio Luisi conducts Madama Butterfly with Eugenia Moldoveanu in the title role and Dino de Domenico as Pinkerton. Tomorrow: Les contes d'Hoffmann. Wed: Il trovatore. Sat: Eugene Onegin. Sun: Meistersinger (East Berlin 2004 762)

Deutsche Oper 19.00 Gounod's Faust with Nelly Miricioiu as Marguerite, also Fri and Sun. Tomorrow and Thurs: Aida. Wed: Die Zauberflöte. Sat: four ballets (West Berlin 3410 249)

Schauspielhaus 20.00 Claus Peter Flor conducts the Berlin Symphony Orchestra in Beethoven's Violin Concerto with Gerhard Hetzel and suites from Prokofiev's Romeo and Juliet. Tomorrow: Vladimir Ashkenazy conducts the Royal Philharmonic Orchestra. Thurs and Fri: Siegfried Kurz conducts the Berlin Staatskapelle. Sat and Sun: Gustav Kuhn conducts Schumann's Das Paradies und die Peri (East Berlin 2272 261)

THEATRE

East Berlin: this week's repertory at the Berliner Ensemble includes The Good Person of Sezchuan tomorrow, Schweyk on Wed, Mother Courage on Fri and Galileo on Sun (2827 712). The Deutsches Theater has Ionesco's The Bald Prima Donna on Wed and Kleist's Das Käthchen von Heilbronn on Fri (2871 225). The Maxim Gorki Theater has Heiner Müller's Leben Gundlings Friedrich von Preussen tomorrow, Caryl Churchill's Top Girls on Wed, Peter Shaffer's Amadeus on Fri and Jean Genet's The Maids on Sat (2082 748). The Volksbühne is showing plays by Sean O'Casey, Schiller and Alexey Shipenko (282 3394).

West Berlin: the Schiller Theater's current repertory includes Lessing's Minna von Barnhelm, Molière's Le Malade imaginaire and Goethe's Iphigénie auf Tauris (3195 236).

BOLOGNA

Teatro Communale 21.00 Lazar Berman plays piano music by Busoni, Prokofiev and Chopin. Tomorrow and Sun: Tancredi (529999)

BRUSSELS

Palais des Beaux Arts 20.00 Miriam Fried plays music by Bach for solo violin. Tomorrow: Beaux Arts Trio. Thurs: Royal Philharmonic Orchestra. Fri: Belgian National Orchestra (507 8200)

CHICAGO

Civic Opera House 19.30 Daniele Gatti conducts Harold Prince's Lyric Opera production of Madama Butterfly, with Catherine Malfitano in the title role, repeated on Fri. Wed and Sat: Eva Marton sings Turandot (332 2244). Thurs, Fri and Sat in Orchestra Hall: Barenboim conducts Mozart (435 6666)

GENEVA

Grand Théâtre 20.00 Perpetuum Mobile, ballet by Ohad Naharin with music by Johan Strauss. Daily till next Mon, except Sun (212311). Sun in Victoria Hall: Kent Nagano conducts the Orchestre de l'Opéra de Lyon in Milhaud's Harp Concerto and Beethoven's Third Symphony (292511)

LONDON

Barbican 19.45 Sian Edwards conducts the Docklands Sinfonietta in Ravel's Mother Goose, Dvorak's Sixth Symphony and Britten's Violin Concerto with Tasmin Little. Thurs: LSO Beethoven concert. Fri to Sun: Alban Berg festival featuring the Nash Ensemble and the BBCSO (071-638 8891)

Covent Garden 19.30 Ashton's La fille mal gardée opens a week of Royal Ballet performances. Tomorrow and Sat: Giselle. Wed and Thurs: La fille mal gardée. Fri: Nutcracker (071-240 1066)

NEW YORK

Blue Note Jazz Club and Restaurant Tonight's shows (21.00, 23.00 and 01.00) feature Mark Egan. The rest of the week is devoted to the second programme in Dizzy Gillespie's Blue Note Diamond Jubilee series. It is played by Dizzy's United Nation, an international 13-piece band which plays jazz enhanced with Afro-Cuban, Caribbean and Brazilian music and rhythms. Dizzy's shows next week are entitled To Bird With Love, a tribute to Charlie Parker (475 8592)

Metropolitan Opera Tonight at 20.00, Michelangelo Veltri conducts La bohème, with a cast including Veronica Villarroel and Bruno Beccaria. Tomorrow and Sat afternoon: Der fliegende Holländer. Wed, Thurs and Sat evening: L'elisir d'amore (362 6000)

New York State Theater City Ballet's repertory this week (daily from tomorrow till Sun) includes Balanchine's Scotch Symphony and Jewels, an all-Tchaikovsky evening (Fri) and Jerome Robbins' The Four Seasons (870 5570)

Avery Fisher Hall This week's New York Philharmonic concerts are conducted by Leonard Slatkin. Tomorrow's programme includes John Corigliano's First Symphony and Shostakovich's First Violin Concerto played by Salvatore Accardo. On Thurs, Fri and Sat, the orchestra gives the New York première of Shadows, a set of four orchestral nocturnes by Claude Baker. The programme also features Dvorak's Sixth Symphony and Mozart's Piano Concerto No 25 with Christian Zacharias (875 5030)

Carnegie Hall Tonight at 20.00, Hakan Hagegard gives a song recital accompanied by Warren Jones. From tomorrow till Sun, Robert Shaw leads a workshop on Beethoven's Missa Solemnis, culminating with a performance on Sun at 15.00 with soloists including Benita Valente and Florence Quivar (247 7800)

PARIS

Opéra Bastille 19.30 Myung-Whun Chung conducts Yannis Kokkos' production of Boris Godunov, with Paata Burchuladze in the title role, also Thurs, Sat and next Mon. Tomorrow: final performance this season of Bob Wilson's production of Die Zauberlöte. Wed: Brahms chamber music in the Amphitheatre (4001 1616)

Théâtre des Champs-Elysées 20.30 Dance gala featuring international soloists. Tomorrow: piano recital by Francois-René Duchable. Wed: Jean-Pierre Rampal plays Mozart. Fri: Philippe Herreweghe conducts Stravinsky (4720 3637)

STOCKHOLM

Royal Opera 19.30 Kjell Ingebretson conducts Ann-Margret Pettersson's production of Dominick Argento's opera The Aspern Papers, with a cast led by Elisabeth Söderström. Tomorrow: Simon Boccanegra. Fri and Sat: Estonia Theatre of Tallinn gives performances of two operas by Eduard Tubin (248240)

VIENNA

Staatsoper 19.00 Die Zauberflöte. Tomorrow: La bohème. Wed: Arabella. Thurs and Sun: Tristan und Isolde. Fri: Salome. Sat: Tosca (51444 2960)

Musikverein 19.30 Isaac Karabtchevsky conducts the Tonkünstler Orchestra in music by Mozart, Brahms and Franz Schmidt, with Nelson Freire piano soloist. In the Brahms-Saal: Clemencic Consort plays music by Biber. Tomorrow: Zubin Mehta conducts the Vienna Philharmonic Orchestra. Thurs: Handel's Messiah. Fri: Michael Gielen conducts the Austrian Radio Symphony Orchestra. Sat afternoon and Sun morning: James Levine conducts the Vienna Philharmonic. Sat evening: Sherrill Milnes song recital (505 8190)

Konzerthaus 19.30 Valery Afanassiev plays three Schubert piano sonatas. Wed: Haydn Trio. Fri: Gennadi Rozhdestvensky conducts Prokofiev. Sun at 11.00: Ingrid Haebler plays Mozart (712 1211)

THEATRE

Tonight and tomorrow, the **Burgtheater** is showing Feydeau's Hotel Ultimus, with George Tabori's Babylon Blues on Thurs. The **Akademietheater** has Brecht's Baal tomorrow and Thurs, followed on Fri by the première of a new play entitled Honigmond (Honeymoon), written and directed by Gabriel Barylli (51444 2218)

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1330-1400 Business Day
2000-2030 World Business Today – a joint FT/CNN production with Grant Perry and Colin Chapman
2300-2330 World Business Today
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Super Channel
0600-0620 Business View
0630-0700 Business Insiders
2130-2200 (Tues) East Europe Report – weekly indepth analysis from FTTV
2130-2200 (Wed) FT Business Weekly - tglobal business report with James Bellini
2130-2200 (Thurs) Talking Heads - International issues

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0730-0800 Moneyline
0900-0930 World Business This Week - a joint FT/CNN production
1540-1610 Moneyweek
1900-1930 World Business This Week

SUNDAY

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A step back in Algeria

MR CHADLI Bendjedid, who resigned with evident reluctance as Algeria's president on Saturday night, has discovered, as Mr *Mikhail Gorbachev* did before him, that initiators of democratic reform rarely enjoy its fruits. Following his departure – apparently under pressure from army officers anxious to forestall an election victory by Islamic fundamentalists – the process of political liberalisation that the president set in motion more than three years ago seems to be shuddering to a halt.

The second round of voting in the country's first free parliamentary elections – which had been due to take place on Thursday – looks likely to be cancelled. Instead, the country seems set to be ruled by an unelected body of ministers from Mr Chadli's last government behind which lurks the army. The result, unless this body plays its cards with great shrewdness and sensitivity, could be a worsening showdown between the military and Islamic militants with serious repercussions throughout north Africa and the Arab world, and with worrying side-effects in Europe.

There has been something tragically predictable about the unfolding of Algeria's gravest crisis since it settled down after independence from France in 1962: after decades of exercising a stultifying, often incompetent and sometimes corrupt monopoly on power, the ruling élite faces a growing challenge on the streets, agrees to hold elections, alternately confronts and seeks to co-opt the opposition, finds itself in imminent danger of being swept from power by forces of which it violently disapproves, and seeks to abort the embryonic democracy with a "constitutional" coup.

Prominent casualty

President Chadli is the most prominent casualty of this process. He deserves credit for his sincere efforts to open up Algeria's political system to the widest range of participants, including the Front Islamique du Salut (FIS), the Islamic movement that won a startling majority in the first round of voting on December 26. If the experiment with democracy has now been halted it is not down to him but to others in the military establishment who could not contemplate the prospect of a government involving the FIS and setting out to create some form of Islamic state.

Civil strife

Here is the rub. The prospect of such a change of government fills many educated, middle class Algerians with horror, and countries with close links to Algeria such as France and Italy with dismay. The former fear civil strife between advocates and opponents of adopting Islamic law; the latter, an increasing tide of disenchanted emigrants reaching the shores of Europe.

Such worries cannot be lightly dismissed. The FIS has not displayed much enthusiasm for democracy except as a route to gain power; its leaders often suggest that if they do so, they will move swiftly to make the process irreversible. In a country where democratic institutions are young and fragile, a party that espouses democracy only with a view to overturning it is bound to cause political strains.

But to acknowledge the difficulties is not to condone a suspension of the electoral process. Algeria is unlikely to turn into another Iran. For better or worse – and even allowing for the irregularities at the polls that the government has complained of – the FIS seems to have been chosen by a large plurality of Algerians on December 26. If it puts up a candidate for presidential elections – if they are held as they should be within 45 days – it would almost certainly sweep the board there too. To seek to contain or suppress such a party by force – or by legalistic sanctions such as Tunisia has imposed on its fundamentalists – would be foolish, and probably counterproductive.

Algeria has gone too far down the road to democracy now to return to one-party rule – either of a military or an unconstitutional Islamic kind. The job of those outside powers which might be able to influence events is to discourage the country's new rulers from thinking that the west's preference for secular governments will mean that it turns a blind eye to abuses of power.

Mass higher education

IN THE mid-1960s Britain had 32 universities and 220,000 full-time students. On current projections, it will end the century with 80 universities and 1m students. In the 1990s alone, student numbers are set to rise by almost two-thirds, with the proportion of 18-year-olds proceeding to higher education rising from 19 per cent to 32 per cent. It is an educational revolution, by any standards.

Ignore the prophets of doom predicting dilution and disaster: they said much the same in the 1950s, were dismissed at the time, and have been proved wrong since. But it would be no less misguided to ignore the serious implications of expansion for the higher education system. Two stand out: the emergence of a new university hierarchy, and the issue of funding future growth.

Ending the so-called "binary divide" between polytechnics and universities will not produce a unified higher education system. On the contrary, taken together with current changes in the direction of research funding, it will herald a new and deep division between institutions engaging in teaching and research, and those charged with teaching alone. Only some 15 universities can expect to be in the new "ivy league" of élite institutions: the rest will be essentially teaching colleges, whatever their titles.

For all the likely cries from the dispossessed, this is to be welcomed. It will relate research funding more closely to research quality, and ought to encourage the "ivy league" to devote more attention to graduate courses, which remain distinctly under-developed in Britain. However, some leading universities may need persuading, through stronger funding incentives, that their contribution to university teaching should be more than serving as finishing schools for bright sixth formers.

Funding problem

Funding is altogether more problematic. Crudely, higher education spending for the current year will total about £4.5bn, of which nearly £1bn will go on student financial support for fees and maintenance. If spending were to increase in line with student numbers, it would rise by some £1.6bn (at today's prices) by 2000, with an extra £350m on student maintenance. Research funding could be held down and repayment of loans will reduce the last figure somewhat, but that is the order of addition on current trends.

Does higher education justify that much extra – roughly equivalent to the entire budgets for prisons and overseas aid? Put differently, how favoured should universities be in the scramble for extra education cash? Other public services are clamouring for more funds; within education, demands at the nursery and 16-19 level are acute – and popular with the electorate.

Greater efficiency

There is, of course, room for greater efficiency all round. Polytechnics have led the way in working existing assets harder, while many universities now generate large sums from private sources. Institutions could raise still more of their own cash; their lecture halls could be opened longer and filled fuller; even the sacred long vacation could, perhaps, be turned into an extra term to spread the load.

But such methods alone will not support a mass system. They will, on the other hand, impose a greater strain on academic staff, and increase pressure to raise their pay – which, in relative terms, fell sharply in the 1980s. School teachers now have an independent pay review body. The case for extending it to lecturers is almost unanswerable – but will only further increase higher education spending.

That leaves students. By international standards, state financial support for British students is exceptionally generous. The government's loans scheme may not be the best way to encourage greater student contributions to their studies. But those opposed to it need to be frank about the extent of their prospective largesse on behalf of the taxpayer, particularly if fees are to continue to be paid in full by the state. Unless, of course, prisons and overseas aid are to be abolished.

This is the last in a series on British education policy.

Inadequate provision of childcare remains one of the biggest obstacles to women's career opportunities, writes **Diane Summers**

The little things that mean a lot

When Mr John Major, the prime minister, recently used the term "social revolution" to describe the changed role of women in the UK workforce, he was not exaggerating. While mothers in the 1950s were widely expected to stay at home to look after the children, today nearly two-thirds work. The difficulty for these women is that there has been no corresponding revolution in the provision of childcare.

Relatively few men consider that combining career, marriage and children will pose dilemmas, said Mr Major last October at the launch of Opportunity 2000, the business-backed initiative to improve the position of women in the workforce. But for women, he said, "these three simple human ambitions are still hard to combine".

What makes them tough to reconcile for some women is the difficulty of finding affordable and reliable childcare. Ms Jane Oakley, a former high-flying civil servant and the mother of an eight-year-old and a six-year-old, gave up full-time work when arrangements for the care of her children broke down. She is now looking for a part-time job that will fit in with her children's school hours. "But what sort of 9.30-2.30 job am I going to get that will be challenging and interesting? Filling shelves in a supermarket is all that seems to fit the hours."

The loss to the civil service of her skills, and the wasted expense of training, is mirrored throughout industry as mothers take part-time, local jobs that fail to make best use of their qualifications and abilities.

The economic advantages of greater public investment in nurseries and after-school care have been strongly argued by the Institute for Public Policy Research. This left-leaning think tank calculates that the cost to the state of providing childcare facilities would be outweighed by increased tax paid by mothers on higher earnings. An added advantage would be cuts in social security benefits because single parents, in particular, would return to the work force.

A further consideration is that, in addition to these economic benefits, the improvement of childcare could help advance the role of women in the work force.

According to Ms Joanna Foster, who chairs the Equal Opportunities Commission (EOC): "Lack of childcare remains one of the major barriers to equality of opportunity for women, inhibiting their access to training and good employment prospects."

The position is particularly acute in the UK, where state support for childcare is minimal compared with the public contribution made in other European Community countries (see panel). The difficulties for women in the UK are compounded by the level of paid maternity entitlement which is, again, among the lowest in the EC.

Regulated daycare is available for less than 8 per cent of children under five in the UK. Instead, women rely on a mass of *ad hoc* arrangements. Women like Ms Rosemary Lindley, a primary school teacher, who swaps care for her three children with a neighbour who also works part-time. "When I'm not working, I'm carting around a load of kids – my own and someone else's. There's absolutely no break," she says.

Relatives, mainly grandmothers, are the mainstay of the system, although there are signs that even these arrangements are beginning to break down. The extended family may be dispersed geographically, and grandmothers themselves are increasingly likely to want to work.

Outside the informal network of friends, neighbours and relations, the options are limited by availability or cost:

● Nannies and private day nurseries, where they exist, eat up disproportionate amounts of women's earnings in all but the highest-income households. The cost of a daily nanny is likely to be £100-£200 a week, depending on location in the UK. A full-day place at a private nursery in London may cost £150 a week. State and voluntary-sector provision, where it exists, is either part-time or restricted to those children considered by social workers to be "in need".

● Nursery schooling, provided free by local education authorities, is the main plank of public provision, with about a quarter of the UK's three- and four-year-olds now in nursery education. While this may sound encouraging, it should be remembered that there is virtually no public provision at all for children under the age of three. Moreover, most nursery schools offer only half-day sessions, lasting two and a half hours at most, for the limited school year.

● Childminders provide the most readily available form of childcare, apart from relatives. Registered minders provide places for an estimated 5 per cent of children up to the age of four. The National Childminding Association recommends a minimum weekly fee of £50, although there are local variations.

Registration of childminders is supposed to be by the local authority social services department, although IPPR calculates that at least one in five minders is not registered. Long waiting lists for registration are reported, as are failures by many local authorities to provide satisfactory monitoring.

● Playgroups, parent-and-toddler groups and crèches usually require parental involvement and tend not to cover the sort of hours required to enable a parent to go out to work.

The problem is not solved as children reach school age. Schools finish in the middle of the afternoon; and for 175 out of 365 days, schoolchildren are on holiday. "Latch-key kids" among the older age group may have to fend for themselves during the school holidays and in the time between the end of the school day and the return of a parent from work. Some estimates put the proportion of unsupervised primary school-age children as high as 30 per cent.

Women like Ms Celia Muldoon – who works a full day as a secretary and leaves her nine- and 10-year-old boys alone for an hour after school – says paying for childcare would eat into her earnings. "It's tough. I just have to take the chance that they'll be alright in the house on their own," she says.

It could be argued that what she and others like her need is increased flexibility in working hours rather than increased provision and co-ordination of childcare on a national level. Indeed, in his Opportunity 2000 speech the prime minister made no mention at all of childcare but pleaded, instead, with employers to increase the number of part-time jobs and facilities such as career breaks.

More flexible hours and part-time working would certainly be welcomed by women. However, without fundamental changes in attitudes by society to the status of part-time workers, it is doubtful whether any significant improvements could be made in women's earnings or promotion prospects if this route is chosen. In most organisations, few things are more likely to kill a career than moving from full-time to part-time work. There is still widespread belief in industry that no position of any responsibility can be held by anyone other than a very full-time worker.

If public, private and voluntary sector childcare remains skeletal, what about employers' provision? Government statements and recent press reports might give the impression that workplace nurseries are flourishing – springing up from employers' fears about projected labour shortages and being nurtured by government tax concessions. This impression would be mistaken.

Certainly, employers in the late 1980s had intended to take practical steps, including providing childcare, to recruit and retain women. But the recession has intervened. The latest survey by Working for Childcare, the voluntary group, found that there are just 350 workplace nurseries in the UK. Even the leader in the field, Midland Bank, which pays for some places at 130 nurseries, has had to cut back its original goal of involvement in 300. Other employers have simply abandoned or postponed their plans for nurseries.

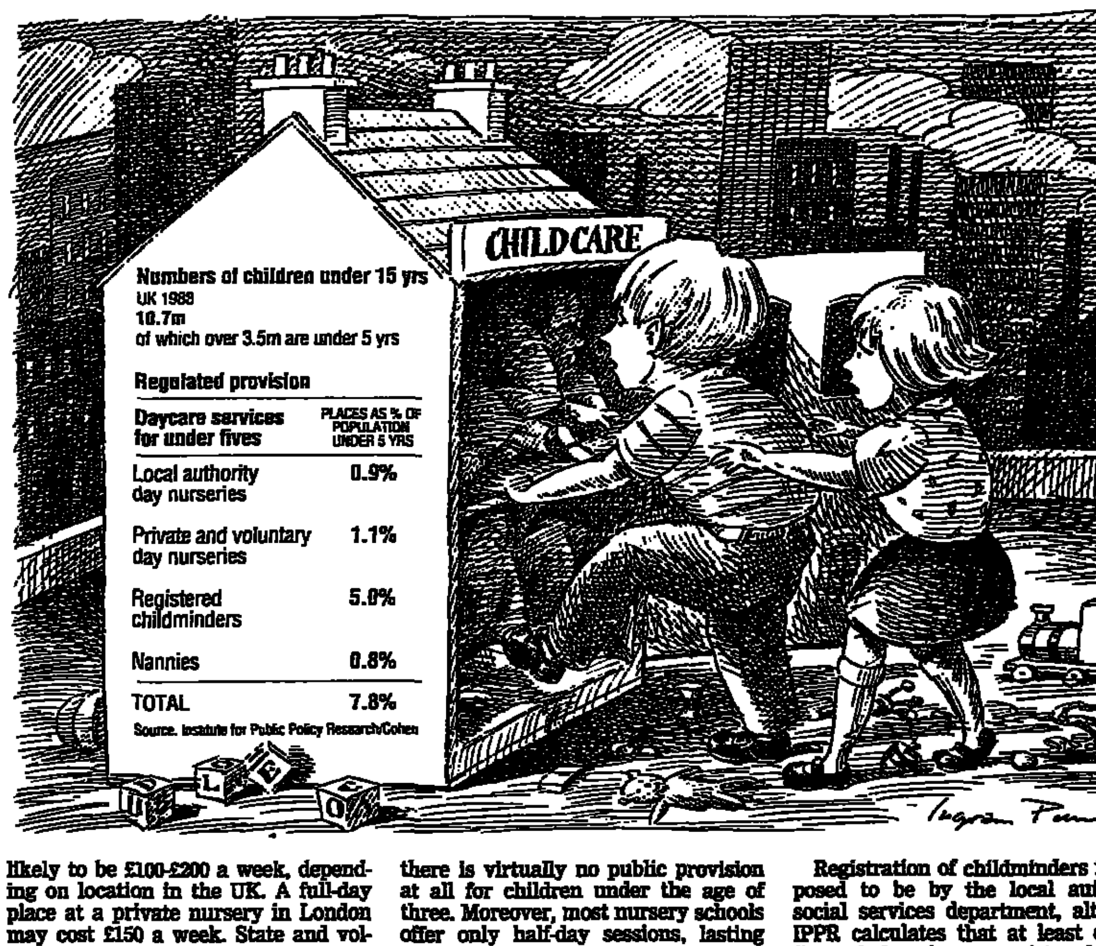
One reason is that many companies have found the costs of setting up and running nurseries prohibitive. Littlewoods, the retail group, for example, has announced that it is to be part of a joint venture to establish a 40-place nursery near its headquarters in Liverpool. Mr John Moores, a Littlewoods director, calculates that it will probably be necessary to charge about £50 a week for a place at the nursery – a hefty proportion of a shop worker's weekly wage of about £150.

Mr Moores told Mr Major at the launch of Opportunity 2000 that he, like other employers, wanted to increase the number of childcare places but needed a financial contribution from the government.

The EOC argues that the consensus of opinion is swinging around to favour a systematic approach to the care of young children in the UK. Says the EOC: "Parents are clearly ready to contribute within their means, as are employers, although ... employers are generally not in a position to, and are not going to, foot the bill alone.

"Everyone is waiting for a lead from government."

This is the first in a series on childcare



Numbers of children under 15 yrs
UK 1989
10.7m
of which over 3.5m are under 5 yrs

Regulated provision

Daycare services for under fives	PLACES AS % OF POPULATION UNDER 5 YRS
Local authority day nurseries	0.9%
Private and voluntary day nurseries	1.1%
Registered childminders	5.0%
Nannies	0.8%
TOTAL	7.8%

Source: Institute for Public Policy Research/Cohen

Poles apart over provision

The UK's *laissez-faire* stance on childcare means it has more in common with the US than with its neighbours in Europe, according to an Organisation for Economic Co-operation and Development study, *writes Diane Summers.*

In both the UK and the US, there is limited public provision, aimed primarily at "welfare" targets – for example, single mothers and disadvantaged children. For the rest of the population, childcare is seen largely as a private affair. One important difference is that in the US – and not in the UK – parents can offset a proportion of childcare costs against their income tax.

At the opposite extreme of provision – and cost to the public purse – are the Nordic countries, which view childcare policy as an area of state responsibility. The overall objective is for childcare to be available to all who want it.

In these countries the private sector also plays an important part in providing childcare services. In Denmark and Norway, 40 per cent of all centres are private ventures. These are closely regulated, and the state pays between a third and a half of the costs.

Within the European Community, tax relief is allowed for about a third of countries, according to the European Commission. The Netherlands has abandoned relief and diverted funds instead to boosting public provision.

The UK and Ireland, the European Commission notes, are exceptional in the EC for not including the children of employed parents as priority groups when it comes to access to publicly provided services, and for limiting these services to "at risk" children.

Apart from Denmark, which has by far the highest public provision in the EC, France and Belgium are the EC leaders. There is least provision in the UK, Ireland and the Netherlands.

Throughout the EC, the part played by private and employer-run nurseries is small, providing places for fewer than 2 per cent of children under the age of three, according to a Commission survey.

Overall, the Commission concludes, there is "evidence of substantial unmet need for publicly funded services throughout Europe, mainly for children under three and outside school hours care for over-threes".

OBSERVER

Craving grace

■ Grace before lunch took a somewhat unconventional form at the Detroit Economic Club's celebration of this weekend's opening of the city's motor show. The club chaplain began the proceedings with a short prayer for increased production and profits.

It proved an apt appetiser for a fighting speech by Chrysler chairman Lee Iacocca, fresh off the plane from Tokyo, urging protection for the US motor industry, which won him a standing ovation.

"Hell, I didn't go to Japan to help open the rice market. The last time I looked, we don't grow any rice in Detroit," declared the head of the smallest of America's big three car-makers.

"When Detroit gets stiffed on autos, then America gets *stiffed on trade – period*," he went on. "That's because cars are America's rice. Any argument for protecting Japan's rice farmers is an argument for completely shutting Japan out of our auto market."

Even so, he did not want to go quite that far. "I'm really a free trader. The thing I want to protect is free trade. And the way you do that is to retaliate against those who don't believe in it. And if there's anyone here who thinks Japan practises free trade, I've got some S&L's I'd like to sell you."

There were no takers.

Pariah

■ On the other hand, an ex-colleague of Iacocca takes a different view of the trade question. Gruff Bob McCurry, now executive vice president of Toyota's US motor-sales operations, observed that whenever he went to Washington in these Japan-bashing days, he felt like the subject of an advertisement he'd seen in his local paper.

It read: "Lost dog. One eye, three legs, no tail, neutered. Answers to Lucky."

Added chunk

■ Meanwhile French state-owned car-maker Renault is beefing up its image with a heavier look to its logo. From now on, the Renault lozenge will be in three dimensions, rather than two, and be given a thick chunky appearance, which the group trusts will convey an "ideal of quality, efficiency and value."

The changed badge will make its first appearance with the launch of the company's new executive model, the Safrane, and all offices and showrooms will adopt the reshaped emblem in due time.

Why all the bother? The aim is to show the "change of soul and image of the company," says its chairman Raymond Lévy in an internal memo.

It could also be something to do with Renault's 1990 alliance with Volvo, Sweden's maker of chunky family cars. The pair have always denied planning a common car. But it seems, at least, that the French partner is bringing its image more in line with its Swedish friend's solidity.

In absentia

■ Stand down Concorde. The good news is that Lord White's court appointment in Colorado in just over a fortnight need not stop him from attending Hanson's annual general meeting the same day. The district attorney's office in Aspen says White's attorneys can represent him first time out.

The less good news for White is that Jim Wilson, Aspen's deputy DA, still hasn't made up his mind whether to push on with assault charges. Tom Dalessandri, number two in Aspen's police department, is continuing investigations.

True, White's young girlfriend Victoria Tucker has retracted the allegations. But Colorado takes domestic violence issues seriously – which is why the DA's office, and not the victim, has responsibility for deciding whether or not to proceed with a case.

Although the sporty lord is no stranger to the gossip columns, even he would not relish having to defend his private life in a US court. So he can hardly be sleeping easier for the thought that an ambitious DA might decide to proceed against him.

What's more, a counter-suit against the Aspen police department would only prolong the embarrassment.

"Where are we going to buy a gold watch for Gerald Ratner?"

Woolly thinking

■ Why should the Falkland Islands' Agriculture department have just imported 650 Aussie sheep to establish a national stud flock, at an initial cost of £260,000, when they already have some 300,000 of the blighters?

The officially-expressed reason is "to improve the conformity of the wool... by supplying farms with rams of superior merit". Slicing through the jargon, it would seem that the local flock is rather suffering from generations of inbreeding. Yes....

Close of play

■ IBM's drive to become meaner and leaner is not confined to its marketing and research.

The group's employees in Canada have just learned they are soon to lose one of those little perks that helped Big Blue to build its legendary reputation for cradle-to-grave paternalism. The 50-year-old IBM Country Club north of Toronto has been put up for sale.

Once a buyer is found, it will be farewell to an 18-hole golf course, pro shop, bowling green, baseball diamond, soccer field, tennis courts, children's playground and even gardening plots which have helped to keep the IBM family together over the years. At present about 15,000 IBM workers and retired staff in Canada enjoy the subsidised amenities.

According to chief executive Bill Etherington, the sale "should send another clear signal that IBM Canada is determined to create a more competitive, aggressive company."

At the cost, perhaps, of having a bunch of grumpy, unfit employees.

Trial by fire

■ Wrathful at the Devil's refusal to contribute to the maintenance of the party wall between heaven and hell, God threatened to consult a lawyer.

"Ah!", said the Prince of Darkness with a smile. "Where would you find one?"

The beginning of a Balkan endgame

The war in Croatia may be at an end, but that does not necessarily spell peace in what used to be Yugoslavia, writes Judy Dempsey

This Wednesday, European Community governments will decide whether to recognise the four out of six Yugoslav republics that have applied for recognition as independent states. After Germany's decision to recognise Slovenia and Croatia before Christmas, it is likely most EC countries will follow suit. The Community may even extend recognition to the ethnically-mixed republics of Bosnia-Hercegovina and Macedonia.

Recognition of any of the republics will mean a number of things. First, Yugoslavia as a state of diverse ethnic groups, religions, alphabets, and languages that were welded together after the second world war, will *de jure*, as well as *de facto*, cease to exist. Second, recognition will open a new phase in the country's civil war, in which the gaps between the republics – in terms of economic development and political stability – will widen substantially. Third, it will highlight the increasing problems within Serbia, the republic that set out to take control of what used to be Yugoslavia and has ended up sowing discord throughout the former federation.

Recognition of the republics goes *hand in hand* with two processes aimed at bringing lasting peace to the country. On the one hand, the Community is persisting with its peace conference on Yugoslavia, despite last week's shooting down by the Yugoslav air force of a helicopter carrying EC ceasefire monitors in which five of them died. On the other, the United Nations is preparing to send 10,000 peace-keeping troops to Croatia if the latest ceasefire – the fifteenth since the civil war began last summer – holds.

The chances that the ceasefire, arranged by Mr Cyrus Vance, the UN envoy, 10 days ago, will hold are high. Unlike on previous occasions, when all sides had an interest in continuing the fighting on Croat territory, some of the participants at least may now have a stake in trying to make it stick.

Croatia, having broken many previous ceasefires, has abided by the latest one partly because it wants to speed up recognition. Serbia has supported it because Mr Slobodan Milosevic, the republic's president, faces a growing anti-war movement at home. The army has backed it, not because it no longer has the stomach to fight, but because, as officers now admit, it has lost the struggle to keep the old Yugoslavia together.

All sides in the conflict have even agreed to the deployment of UN peace-keeping troops. But are these developments genuine grounds for optimism about a lasting peace? The key to stability lies in guaranteeing what used to be the internal borders of the old Yugoslav federation. These could be undermined from three quarters: Mr Milosevic, Serb nationalist leaders *outside Serbia*, and the army. The current lull could still be the prelude to a final storm.

For the first time since his rise to power in October 1987, Mr Milosevic appears vulnerable. He is losing credibility among Serbs because he has turned his republic into an international pariah; he is presiding over a near-bankrupt economy; and the war that is in part his creation is increasingly resented, particularly by the younger generation.

Observers in other republics, who have obsessively analysed Mr Milosevic's every move in recent months, sense he is in real trouble. "Everything Milosevic touches, he destroys," said Mr Jelko Kacin, Slovenia's minister of information. "He has destroyed *the country which he wanted to dominate*," agrees Mr Rusmir Mahmutcehajic, deputy prime minister of Bosnia-Hercegovina.

By trying to make Serbia the dominant force in Yugoslavia, Mr Milosevic precipitated not only the independence moves by Slovenia and Croatia, but the violent disintegration of the Yugoslav federation. By using the army to defend the ethnic Serbs in Croatia, and stem Croatia's independence, he has turned the professional, non-nationalist wing of the army against him.

Moreover, except through repression, he has failed to control the ethnic Albanian dominated province of Kosovo which he forcibly re-integrated into Serbia two years ago. He now faces a rebellion from the region's 2m Albanians. In other words, in the process of trying to reawaken Serb nationalism, he has simply fomented hatred between Serbs and the other ethnic groups.

"But do not be deceived," said Mr Kacin in Slovenia. "We are dealing with the Balkans where nothing is predictable. Milosevic is mercurial. We have written him off too many times in the past, and before we know it he is scheming again."

The most recent version of Mr Milosevic's grand design is to make Serbia the core of a successor state to Yugoslavia. This state would include the tiny republic of Montenegro, the region of eastern Slavonia in eastern Croatia, and even parts of Bosnia-Hercegovina. As part of that plan, Mr Radovan Karadzic, head of Bosnia's 1.3m Serbs, last week declared a republic of Serbs in Bosnia after Moslem and Croat communities applied for recognition by the EC.

"All Serbs should live together," said Mr Karadzic, who is a close ally of the Serbian president. "We do not want to live in an independent republic. We want to have a state for the Serbs, even if it means living in a smaller Yugoslavia."

Mr Karadzic, and leaders in Serbia, say this state could be created by changing Yugoslavia's internal borders. In a letter written to the arbitration commission that was set up by the EC peace conference to examine the status of Yugoslavia's internal borders, Mr Branko Kostic, vice-president of the Serb-dominated Yugoslav presidency, described the country's internal boundaries as "purely administrative", implying they can be changed.

"It has never been established who actually drew up these borders," Mr Kostic wrote in a letter to Mr Robert Badinter, president of France's constitutional court, and a member of the arbitration commission.

"They do not meet internationally recognised, legal, constitutional and legitimate conditions for gaining the status of borders of independent and sovereign states."

Mr Kostic even warned that unilateral recognition of the borders of Croatia and Bosnia-Hercegovina by western governments "would solve nothing but would only serve to exacerbate further relations and would result in fresh armed clashes and the escalation of the existing conflicts."

For its part, the arbitration commission has argued that the internal borders are state borders, and it is only those boundaries which will be recognised by the EC. It says that in law no one state has the right to be the successor to Yugoslavia.

Mr Mahmutcehajic, Bosnia's deputy prime minister, says that any change in the former federation's internal boundaries would lead to more instability.

He argues that a redrawing of Bosnia-Hercegovina's borders would mean a possibly violent break-up of the republic, the most ethnically mixed of them all: the west of the republic, inhabited by many Croats, would want to unite with Croatia, and nationalist Serbs living in the northern swathe of the republic would want to unite with Serbia. And that would leave a large number of people politically homeless.

"The Moslems, [which make up 44 per cent of the 4.3m population] would be without a republic," said Mr Mahmutcehajic. "How can you realistically carve up Bosnia when mixed ethnic communities are scattered throughout the republic? It would lead to terrible bloodshed."

Any redrawing of the republic's borders would also affect Macedonia, whose sizeable Albanian minority might be tempted to unite with Kosovo, while Greece and Bulgaria could become embroiled over historic claims to the republic. Even Montenegro, which wants more access to the sea, has staked an historic claim to the Croat peninsula of Prevlaka on the Dalmatian coast.

Bosnian officials believe Mr Milosevic will persist in trying to create this new Yugoslavia, provided he has the support of the army. General Blagoje Adzic, the new defence minister who was appointed last week in the wake of the EC helicopter incident, may back the president's plan. He is a hardline Serb nationalist who still harbours a deep personal resentment against Croatia – all his family were killed by the Nazi-backed Croat forces, the Ustashas, during the second world war.

Moreover, since Yugoslavia has now ceased to exist, the army is seeking a *raison d'être* – and it is finding it in Serb nationalism.

"The army is now relying on Serbia. The army has been humiliated. If Milosevic does not look after it, the military could turn against him," said Mr Hido Biscevic, editor of Vjesnik, the influential Croat daily.

Mr Stjepan Kluijic, leader of Bosnia's Croats, believes steps must be taken to stop the army. "It must be prevented from carving up Bosnia-Hercegovina, and from assisting Mr Milosevic in trying to make Serbia and its allies the successor to Yugoslavia. That is why we need the UN troops to be stationed in Bosnia."

Fears that the army and Mr Milosevic will turn their attention away from the northern republics of Slovenia and Croatia to the southern republics explain why Bosnian and Macedonian officials are lobbying in western countries for recognition.

The EC's decision on Wednesday on whether to grant it will have a big influence on what happens next in the war. Recognition of Bosnia and Macedonia would legitimise their borders with Croatia and Serbia, and would strengthen their hand in securing help from the UN. But recognition might also provoke Serbia into stepping up its intervention in Bosnia itself.

"The war in Croatia may be coming to an end," said Mr Mahmutcehajic, "but we must not delude ourselves into believing Mr Milosevic, or the Serbian army will quietly retreat. We must not delude ourselves into believing peace has arrived."

Samuel Brittan

Fawlty idea of service

A New Year article of mine on the appalling standards of service in *too many British shops* (Nightmare on Oxford Street, December 30) drew more appreciative comment than any other piece of mine for years. I also received useful tips on places which were an exception to the prevailing mediocrity. So I shall now follow up with some comments on hotel service.

These articles are not a diversion. A distinguished *economist named Albert* Hirschman wrote a book entitled Exit, Voice and Loyalty. Exit is the vital weapon for dissatisfied consumers and workers in a competitive market. Voice is, however, an important supplement. Loyalty comes last and has to be earned.

The first sign that I should contemplate "exit" is when I find only thief-proof hangers. Words fail to describe the inconvenience of these devices, which can only be moved with great effort and on which it is impossible to hang clothes comfortably. How much extra would it add to room costs to make an allowance for the likely loss of proper hangers to hanger fetishists? In the last resort, why not provide *as an alternative* wire hangers, which cost almost nothing? Nowadays, I normally carry a few, just in case.

Another wrong assumption is that because there is a television set (normally unplugged and difficult to operate), radio does not matter. Television addicts may themselves find radio more convenient when getting up in the morning or getting ready for bed. And even when a radio is provided (after I complain to a so-called assistant manager, herself usually a bewildered girl just out of training college) one is almost never able in the UK to get Radio 3, and sometimes not even Radio 4.

Rooms are so often too hot or too cold, with no visible means of adjusting the temperature. And sometimes when I do open a window, the structure is so fragile that the glass panes break, thus exchanging equatorial for arctic conditions. Supposedly more modern hotels often have windows which only open by swinging an inch or two from the top. *Almost as bad are the windows* which are meant either to open this way or to open out fully by a vertical turn, but where it takes much learning and even more elbow grease to move from one mode to another.

Many annoying defects merely represent fashions among hotel architects. Somebody in the Bauhaus 70 years ago must have made a remark in favour of flat surfaces, which has resulted in the banishment of useful devices like *books or even bathroom* shelves.

One good rule of thumb is that the staff at the desk know nothing about the locality, but regard their period there as a temporary and unwelcome exile from the metropolis. A glance at a train timetable is a rare favour. As for buses, one is looked on as mad for being remotely interested in such vehicles. But it is simply untrue that everyone always arrives everywhere by car.

I suppose that to expect enough light to be able to read or write is like asking for the moon – or rather the sun. And there are rarely a chair and simple table at which to write.

The worst hotel I have ever stayed in is in Munich. After having painfully negotiated a later departure time there than the 11am one inflicted on visitors, I found that this information was not communicated to the floor. My belongings were packed without any attempt to find me or warn me, and – most unforgivable of all – my telephone was cut off.

Behind this behaviour is a detestable habit of mind which expresses itself in sentences such as "Most people do not mind", or "Most people don't ask for". What makes such behaviour possible is that such hotels do much of their trade with business customers, who are out early and in late, and do not spend much time in their rooms. But even such travellers would have a better time if they were not treated as items of merchandise.

Consumers of the world unite: You have nothing to lose but a few rude words and baleful stares.

LETTERS

Headhunting: the delusion

From Mr Humphrey Sturt.

Sir, I found your report on Timothy Clark's study on headhunters and recruitment consultants misleading ("Money spent on headhunters is 'wasted'", January 7). We are told that "psychological tests" are good at predicting job performance and that interviews and references are bad; also that recruiters are finding the wrong candidates for top jobs.

Why then do recruiting consultants gain repeat business and why are the executives they introduce not fired or transferred?

Perhaps because the recruiters do a good and necessary job. The assessment of suitability is just one link in a chain which stretches from assessing and advising on client needs and defining the job and model candidate to checking on the progress of the candidate after appointment. Psychological testing may have a part to play but this is more likely to be in ascertaining aptitude or skills for junior and middle-ranked positions. For a successful senior executive an aptitude test will be insulting, an assessment centre group procedure destructive of confidentiality, and a personality inventory, while yielding points on style, will not help in determining whether the person will perform well in the job.

This key question is the one that the recruiter will seek to answer by looking at the candidate's achievements in positions making comparable demands. The *curriculum vitae* and the interview story must be checked (by telephone) with the former employer(s). The reference is also needed to reveal "showstoppers" such as alcoholism, which tests and interviews typically do not. Talks with former colleagues and subordinates should add other useful information.

The time and skills needed to do a thorough recruiting job justify the headhunter's fee and to pretend there is a short cut is to foster a delusion.

Humphrey Sturt,
director,
Coopers & Lybrand
Deloitte Executive Resourcing,
Plumtree Court, London EC4

Fax service

LETTERS may be faxed on 071-873 5938. They should be clearly typed and not hand-written. Please set fax machine for fine resolution.

CEOs are economically crucial – so pay the successful ones even more

From Mr Leo Herzel.

Sir, In your editorial, "Hurry home, Mr Bush" (January 8), you quite properly caution against Japan-bashing in the US. *You then go on to criticise* chief executive officer (CEO) compensation in the US as too high in comparison to CEO salaries in Japan, as follows: "The fact that the average US CEO earns 125 times the annual remuneration of a manufacturing worker, compared to just 16 times in Japan, is one indication of the contrast."

The reasoning behind this criticism appears to be that Japanese manufacturing companies are more successful in global markets than US manufacturers; CEO compensation in Japan is lower than CEO compensation in the US; therefore, lower CEO compensation in the US would be better.

This is a highly doubtful recommendation for the US and probably also for the UK. It is true that unsuccessful *CEOs in the US are* paid too much and, even more important, are allowed to stay on too long. On the other hand, there are good reasons for believing that successful CEOs in the US usually are paid too little. The problem in the US is that CEO compensation and retention in employment generally do not respond enough to performance.

Some simple examples should make these points clearer. Top opera stars, virtuoso violinists and orchestra conductors are paid huge amounts because even very small differences in performance can result in very large differences in economic outcomes for music promoters.

CEOs, because of the economically crucial nature of their jobs, have a much more important effect on society. Stockholders and society in the US and UK probably would benefit enormously from paying successful CEOs more and eliminating unsuccessful ones more quickly. A similar point of view is presented in more detail with some highly revealing statistics on the subject in CEO incentives – it's not how much you pay but how, by Michael C. Jensen and Kevin G. Murphy in the Harvard Business Review, May-June, 1990.

Leo Herzel,
Mayer, Brown & Platt,
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Chicago, Illinois US

Time has come for the purpose of NEDO and other British quangos to be re-examined

From Mr Peter McGregor.

Sir, You should not be surprised that the National Economic Development Office sends the policy debate to sleep. That is what the present government wants it to do.

The party which was supposedly opposed to quangos has kept some (British Overseas Trade Board and NEDC/NEDO) and actually created others, including the absurd Training and Enterprise Councils. They are created by and/or turned into creatures of the government, so that they feed back its prejudices rather than tell it what industry really thinks. There was clear pressure on NEDO to do so while I was its industrial director, although at that time (1980-84) we did manage to resist. But the pressure was later increased and government has used this feedback to promote the idea that industry supports its policies.

The purpose of these quangos should be re-examined. Other countries which are more economically successful manage the relationship between government and industry through independent trade associations and chambers of industry and commerce, and any government which really wanted to listen to industry rather than wag its palsied finger at it would do so.

Peter McGregor,
Dacre Cottage,
Longworth,
Oxfordshire

International audit comparison falls into trap

From Mr Ian R McNeil.

Sir, International comparisons offer notorious elephant traps. Andrew Jack's article, "UK auditors charge more but take longer to report" (December 28), based on a published survey, is guilty of not comparing like with like.

The survey provided data on audit fees for only 10 countries, whereas full information was available on the length of time companies take to report. Thus the comparison of fees excludes, *inter alia*, the US, Canada, Japan and the whole of Europe (except for the UK and the Irish Republic). A comparison of audit fees charged in G7 countries would be much more telling than the one we are *offered* between developed and developing economies.

On the comparison of reporting lags, it is the company, not the auditor, that is responsible for the reporting process and therefore for the timetable. The implication of the article, that companies produce their financial statements and then wait with varying degrees of patience for the auditors to start work, is incorrect. An indication of the delay that the audit process builds into the reporting process would indeed be interesting, but is probably not measurable and is certainly not available.

Audit fees are based on a complex mix of factors, such as the intricacy of the company's business, the strength of its controls, the quality of the staff needed to carry out the audit, and so on. Mr Jack's article omitted one of the most interesting conclusions of the survey: that in Australia and the UK – the largest industrialised countries in the fee sample – companies in similar industries tended to pay "very similar" audit fees. "The audit services industry is very competitive in large industrialised countries," the survey concludes.

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FINANCIAL TIMES
Monday January 13 1992

Schlesinger criticises pay deals and industry

Bundesbank defends interest rate policies

By Christopher Parkes in Bonn

MR HELMUT Schlesinger, president of the Bundesbank, yesterday rounded on German industrialists, rejecting claims that the central bank's monetary and interest rates policies were "strangling" the country's economy and stifling investment.

The Bundesbank was not in the business of manipulating economic cycles, he said in a radio broadcast, and put the blame for any downturn on pay negotiators and industry's decision-makers.

"It is not our responsibility to compensate with our policies for mistakes made by others – over-generous pay rises, for example – or reduced investment which should be attributed to other causes," Mr Schlesinger said.

The independent central bank has attracted growing criticism at home and abroad since it raised leading rates by half a point to 9.5 per cent just before Christmas.

The bank president's rebuttal followed a warning on Friday from his deputy, Mr Hans Tietmeyer, that German interest rates would have to stay "relatively high" for the foreseeable future, and that industry's international competitiveness would be damaged by high wage awards.

Mr Schlesinger noted yesterday that longer-term rates had fallen since December and capital market rates were at the same level as at the start of 1990. In that year German economic growth was 4.5 per cent.

He made plain that he regarded pay policy as the key factor affecting the internal German economy, and stressed that wage increases matching last year's average of 6.7 per cent were not acceptable.

Steel industry negotiators, meanwhile, started their eighth round of talks on union claims for a 10.5 per cent increase this year. Employers have so far offered a two-stage increase worth 4.54 per cent over 12 months.

The main banking union, offered 4.5 per cent in the face of its 10.5 per cent claim, yesterday called for national warning strikes on Thursday.

Mr Theo Waigel, finance minister, also joined the public debate yesterday, declaring that all settlements must be held below 6 per cent.

Mr Jürgen Möllemann, economics minister, has already been attacked for his demands that settlements be held below 5 per cent. There is an unwritten law in German labour policy that although ministers may make encouraging noises in the pay round, they should not use definite figures.

In an interview with Der Speigel, published yesterday, Mr Möllemann gave an unusually gloomy outlook for economic growth this year. While the lower limit of most recently revised forecasts is 1.5 per cent, he said he would project a rise of between 1 and 2 per cent in the government's annual economic outlook paper, to be published shortly.

Mr Möllemann also said he was concerned about reports from Frankfurt, where the Bundesbank is based, that German interest rates could be increased further. He said the December rise, which obliged some European Community countries to follow suit, had once again put Germany on the defensive with its partners.

The unrepentant Mr Schlesinger, however, was more bullish about prospects. Forecasting a rise in gross national product of between 1.5 and 2 per cent this year, he said: "In the light of overall conditions in the rest of the world, that is still considerable growth".

Germany plans military spending cuts

Continued from Page 1

ago. These will reduce the number of military personnel from 454,000 to 370,000 by the end of next year.

Daimler Benz, heavily involved in preparatory work for the EFA project, which has steadily lost support in Bonn over the past few months, said recently the aircraft would have to be built because there was no alternative.

Krauss-Maffei, Germany's leading tank manufacturer, has been diversifying into plastics and electronics, in preparation for the cuts. Military orders fell 75 per cent in 1990.

Palestinians in the occupied west bank start a fire yesterday to protest about the ongoing Mideast peace talks between Israel and neighbouring Arab countries.

Meanwhile, Mr David Levy, Israeli foreign minister, said Israel and China had agreed to establish diplomatic relations for the first time.

The move would complete the Jewish state's formal ties to all five members of the United Nations Security Council following the re-establishment of full relations with the then Soviet Union last year. **Page 5**

Thinking about a possible recovery

By Anthony Harris

Currency dealers, faced with the sudden surge in the dollar at the end of last week, gave their standard imitation of the police chief at the end of *Casablanca* who ordered: "Round up the usual suspects". Their explanations were widely assorted, and often mutually contradictory. The dollar rose because Mr Bush said he felt fine. It rose because the Japanese had failed to endorse an expected devaluation of the dollar, or because the Group of Seven was expected to push it up. It rose because US unemployment had risen (on the principle that bad news leads to Fed easing, and is thus good news), or because employment had risen.

The only reliable lesson is one which experience taught me many years ago; never ask a dealer to explain prices, because he is much too close to the action. The only entirely convincing answer I ever heard came from a man reputed at the time to be the shrewdest operator in London when he said he knew what was what on a particular occasion: "Because I was getting more bids than I could handle on my book." The wisdom-after-the-event, or chartist, version of this is also quite convincing this time round: "Because the dollar is oversold."

All else is speculation, but at least on this occasion there is something to speculate about. For some time now, the Wall Street equity market and some of its more impressive gurus have been suggesting that the next big event in the US economy will be not only a recovery, but one that will be quite vigorous and will start quite soon.

The new optimists are still a minority, but they include some of those who gave the most accurate warnings of the strength and duration of the recession, including, from opposite ends of the financial spectrum, the Bank Credit Analyst, which concentrates on the financial economy, and Robert Brusca, of Nikko Securities, whose readings of the official indicators of the real economy have been notably uncoloured by dogma or wishful thinking. When these two agree, there is at least something for the rest of us to think about.

Their two bullish views have a common thread: that the structural adjustments which have caused the US downturn are now well advanced, so that normal business growth can resume. On the financial side, the severe over-leveraging which made the market so fragile has been substantially reduced, while the massive reduction in short-term interest rates has made the remaining debt burden quite manageable. Above all, perhaps, the restoration of banking margins should have revived the confidence of banking lenders. Abandoning growth for growth's sake is one thing, but turning your back on profitable business quite another.

This financial restoration, however, merely removes a major barrier to recovery; something more than a six per cent real growth rate in exports is required to start solid growth in this largely closed economy. Here it is the adjustment in the real economy which is encouraging, if you are in any mood for encouragement. It points to rising domestic sales, despite flat incomes.

The optimists have some current evidence to cite, and rely on no wishful thinking about fiscal kick-starts. A consumer-led revival in US demand is at least possible, if not yet probable

The consumer-debt-to-income ratio is now about half way from its peak to its normal level. Inflation is low and still falling, to the benefit of real incomes, and job losses have slowed down sharply, if you believe the seasonal adjustments, which should lead to some revival of consumer confidence. Most important, the first stirrings of *revival are* already visible in the consumer market.

Turnover in the market for existing houses has been quite solidly up ever since midsummer, and now the downturn in new buildings seems to be over, though growth is feeble so far. This should lead to a matching revival of sales of household equipment and furnishings. Finally, there is something of a famine in recent used cars; as trade-in prices harden, sales of new cars should at last revive.

This catalogue seems to me to establish that there is a bright side to the US economic picture. The latest employment figures are almost certainly a false dawn, because they owe everything to the seasonal adjustment of government employment, and almost nothing to the market economy. Further, the optimistic picture leaves out some forbidding details - defence cuts, a low savings rate which suggests continuing financial strain, and renewed weakness in surveys of industrial sentiment.

All the same, the optimists have some current evidence to cite, and rely on no wishful *thinking about fiscal kick-starts*. A consumer-led revival in US demand is at least possible, if not yet probable; one can see why the markets may be excitable (if it has not just been a Bush rally). And thinking about a US upturn at least provides a check-list of factors which could justify the British Treasury's obstinate faith in a similar recovery here.

To start with the bright side, real income growth here has remained strong, and the current price war in the retail side should make it it still stronger. The high personal savings rate suggests prudence, not strain. The very low stock levels at all stages of production and distribution mean that any revival in sales should feed through very quickly to orders for current production – or imports (and probably both). Meanwhile, export growth does provide some basic support – slower than for the US, but more important in a more open economy. The real economy could justify some nervous optimism – nervous mainly about the balance of payments.

It is the financial picture which is remains as forbidding as ever. This is not so much because of the record bankruptcy rate, which makes people insecure in their jobs but could be consistent with an upturn. Although when one hears, as I did last week, of accountants failing because more than three quarters of their clients cannot pay, we have clearly reached grim altitudes. *It is the consumer debt* ratios being still at their peak, a housing market stuck in nervous debility and the funereal tone in which bankers still discuss their prospects which show how far we still have to go.

Labour launches election strategy

By Philip Stephens and Ralph Atkins

THE leadership of Britain's opposition Labour party yesterday unveiled a strategy to claim the moral high ground in the forthcoming general election campaign as a counter to the Conservative onslaught on its plans for higher taxes.

Mr Neil Kinnock, the Labour leader, led a succession of speakers at a party rally in northern England in warning that the electorate would not be "bribed" by a cut in the basic rate of income tax in the March budget.

Mr Kinnock argued that the electorate would make a clear choice in favour of more resources for the health service, pensions, education, and child benefit.

"The British people do not want a Tory 'save our skins' Budget. They want a 'save our country' Budget," he said. Conservative ministers continued to warn that Labour's tax and spending plans would mean large increases in the bills of the vast majority of taxpayers.

Mr David Mellor, chief secretary to the Treasury, said Labour wanted higher taxes "for no better reason than socialist spite". Senior Tories believe they drove Labour on to the defensive last week and hope for similar success in this week's planned offensive on Labour's defence policy.

Meanwhile, Mr John Major will resume his meetings with cabinet ministers on the shape of the Tory manifesto. Ministers are deliberately controlling the release of detailed information on its contents for maximum impact.

Mr Chris Patten, Tory chairman, will use a lecture in London tomorrow for further electioneering – even though the party denies that the election campaign has already begun.

Labour spokesmen emphasised yesterday that only the wealthy would be hit by the party's plans. It claimed at the same time that Labour's proposals for increased resources for the public sector would mark the start of a moral crusade.

Despite a 5 point lead for Labour over the Conservatives in the latest opinion poll, speakers at the rally acknowledged implicitly Labour's concern to sharpen its positive appeal to the voters in the approach to the election.

EC seeks improved deal on trade

By David Gardner in Brussels

THE EUROPEAN Community will seek "substantial improvements and essential modifications" in the draft conclusions to the Uruguay Round of international trade talks at a key meeting in Geneva today, after EC ministers rejected plans to limit food subsidies.

Following a seven-hour meeting at the weekend, EC trade and farm ministers agreed that the draft put forward by Mr Arthur Dunkel, director-general of the General Agreement on Tariffs and Trade (Gatt), was a "reference document for the final phase of negotiations", due to conclude by Easter.

Rather than single out the 18-month old farm subsidy impasse, the ministers reiterated the "general considerations" they agreed on December 23. But they said that "insofar as the 'Dunkel paper' calls into question the foundation of the Community's agricultural policy, the paper is not acceptable and therefore has to be modified."

At the meeting Germany and Britain sought to gain more enthusiastic support for the trade liberalisation proposals. Mr Jürgen Möllemann, German economics minister, had said on Friday that the Dunkel paper "has to be the basis for an agreement". Britain wanted "a crisp and clear decision instructing the Commission to proceed on the basis that Dunkel is a good starting point", according to a UK diplomat.

Yet these two countries, backed by the Dutch and Danes, rejected Gatt plans to limit the volume of subsidised food exports, as well as the amount by which they are subsidised. France, the EC's main agricultural exporter – which had been nearly isolated within the 12 before the Gatt paper reopened the subsidy classification dispute – found itself at the head of a majority and sought to press home its advantage.

A re-classification of the direct payments paid by the EC in compensation to farmers for big price cuts is still "among the most important changes" the Community will seek, said Mr Fernando Faria de Oliveira, trade minister of Portugal and EC president.

The Gatt paper categorises this key point of EC farm reform as a production support, and therefore not eligible for the so-called "green box" in which certain subsidies would be sanctioned as they did not distort trade.

Mr Ray MacSharry, EC agriculture commissioner, said after the weekend meeting that he was "satisfied I have a mandate to negotiate the green box question". Mr Louis Mermaz, French farm minister, said: "The green box is a trap." Even if it were accepted, he said, EC cereals exports would fall from 30m tonnes to 20m tonnes between 1993 and 1999, while imports would rise by 3m tonnes each year.

Commission officials said the potential disaster of being handed individual "shopping lists" of demands for the Geneva meeting had been averted, although the final communiqué underlined the need for agreements on market access and services.

One official said US problems with the draft in areas such as textiles "means we are no longer the only *demandeur*" in seeking to renegotiate aspects of it. Mr Dunkel said on Friday that amendments which governments could agree among themselves would be incorporated.

One Commission official said Mr MacSharry is likely to restart talks soon on the farm chapter with Mr Ed Madigan, US agriculture secretary.

Dunkel goes for final Gatt sprint

Frances Williams on a device to sidestep Uruguay Round collapse

GATT

IN spite of the huffing and puffing in Brussels, last month's draft package of Uruguay Round trade accords looks set to receive conditional endorsement when senior officials from the 108 governments taking part meet in Geneva today.

Billed before Christmas as the decisive meeting that would determine the success or failure of the five-year-old round, today's gathering of the Trade Negotiations Committee (TNC) will now be rather low-key.

Mr Arthur Dunkel, director-general of the General Agreement on Tariffs and Trade (Gatt), will ask countries merely to indicate whether they are prepared to enter the final sprint on the basis of the draft final act. This leaves the door open for limited changes to the 436-page text.

He expects a consensus, including the European Community, in favour of pressing on, with the aim of completing the round by mid-April. This is probably the latest date possible if the final agreement is to come into effect next January as planned. However, it also means the package will be presented to the US Congress during campaigning for the November presidential election, increasing the risks of rejection.

The Washington lobbies are already in full cry against plans to liberalise textiles trade and alleged inadequacies in the accord on protection of patents, copyright and other forms of intellectual property.

By carefully avoiding a demand that governments adopt or reject the draft accords presented to them on December 20, Mr Dunkel has staved off the immediate threat that EC objections on agriculture could sink the round. Other countries with reservations on the draft, including Japan and the US, will also breathe a sigh of relief. So too will the many smaller nations still working through the implications of the package.

While governments now have a few more weeks to settle outstanding differences, they are keenly aware that too much meddling with the text could upset the fine balance it strikes among the interests of all 100-plus participants.

For this reason a number of countries have told Mr Dunkel they oppose any renegotiation. Australia and Brazil, two key members of the Cairns Group of 14 farm exporters, have publicly endorsed the draft.

Inspite of its description as the Dunkel package, the vast bulk of the text – upwards of 85 per cent – was negotiated and agreed. This left just a few, admittedly controversial, issues to be decided by negotiating group chairmen: notably that on anti-dumping.

Only the draft on agriculture could truly be described as a Dunkel text, following the failure of the US and the EC to come to terms after weeks of intensive talks.

Mr Dunkel's formal pretext for playing down today's meeting is that governments cannot judge the results of the Uruguay Round until they know the outcome of two sets of negotiations yet to be completed – the detailed country-to-country bargaining over tariff cuts for goods, including farm products, and on opening markets to foreign services.

For many countries, these negotiations will be the crucial ones when the time comes to sell the Uruguay Round deal to legislators, lobbies and voters.

Developing countries will be looking for concrete demonstrations of the rich world's professed willingness to lower trade barriers to farm produce, commodities and textiles. The US has said repeatedly that, to get the Uruguay Round package through Congress, it must win substantial improvements in access to foreign markets for its services companies.

Over the next three months the draft final act will be scrutinised by a legal and drafting committee for sense and consistency. However, most interest will centre on the channel, supervised by Mr Dunkel as TNC chairman, by which governments may be able to secure changes to the draft accords. The seven groups that negotiated the draft final act have been disbanded.

Mr Dunkel said on Friday that he would accept any changes agreed by all the participants, but that it was up to dissatisfied governments first to discuss their problems with trading partners.

To what extent countries will decide to press amendments, given the risks of damaging the package, remains unclear. Until today, only the Community has said unambiguously that the draft package is unacceptable and must be modified. Its core objection centres on the way the agricultural text excludes from the permitted subsidies the compensation payments envisaged under EC plans to reform its Common Agricultural Policy.

Many pitfalls remain to upset the round. The US has expressed reservations on the agriculture text, while Japan and South Korea oppose proposals to open their closed rice markets. Outside agriculture, there could be moves to reopen talks on anti-dumping, intellectual property rights, textiles and services, if countries start demanding payment for changes made elsewhere.

WORLDWIDE WEATHER

		°C	°F			°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	S	14	57	Berlin	C	3	37	Caracas	F	27	81	Faro	S	12	54	Islamabad	C	14	57
Algiers	S	17	63	Biarritz	S	7	45	Casablanca	S	17	63	Florence	S	10	50	Istanbul	F	7	45
Amsterdam	Dr	3	37	Bombay	S	28	82	Chicago		–	–	Frankfurt	C	5	41	Jakarta	R	31	88
Athens	S	14	57	Bordeaux	S	8	46	Cologne	C	4	39	Geneva	C	3	37	Jersey	S	8	46
Bahrain	C	13	55	Boulogne	Fg	0	32	Copenhagen	S	7	45	Gibraltar	C	13	55	Johannesburg	F	25	77
Bangkok	F	31	88	Brussels	Fg	2	36	Corfu	F	14	57	Glasgow	Fg	0	32	Lima	F	27	81
Barcelona	F	7	45	Budapest	F	3	37	Dallas		–	–	Helsinki	C	0	32	Lisbon	S	8	46
Beirut	S	17	63	Buenos Aires	F	29	84	Dublin	C	8	46	Hong Kong	S	18	64	London	S	5	41
Belfast	C	7	45	Cairo	S	18	64	Dubrovnik		–	–	Innsbruck	S	1	34	Los Angeles	S	12	54
Belgrade	C	2	36	Cape Town		–	–	Edinburgh	S	3	37	Inverness	C	7	45	Luxembourg	C	3	37

		°C	°F			°C	°F			°C	°F			°C	°F			°C	°F
Madeira	F	18	64	Milan	F	3	37	Nicosia	S	16	61	Salzburg	C	1	34	Tenerife	S	20	68
Madrid	S	5	41	Montreal	F	-17	1	Oporto	S	9	48	San Francisco	S	10	50	Tokyo	S	9	48
Majorca	F	13	55	Moscow	Sn	0	32	Oslo	S	6	43	Seoul	C	6	43	Toronto	C	0	32
Malaga	F	10	50	Munich	C	0	32	Paris	C	2	36	Singapore	F	25	77	Tunis	S	16	61
Malta	S	17	63	Nairobi	F	26	79	Peking	F	5	41	Stockholm	C	3	37	Valencia	F	11	52
Manchester	Fg	0	32	Naples	S	13	55	Prague	C	3	37	Strasbourg	C	2	36	Venice	Fg	5	41
Manila	C	30	86	Nassau	F	25	77	Reykjavik	R	7	45	Sydney	F	23	73	Vienna	C	4	39
Melbourne	F	17	63	New Delhi	S	14	57	Rhodes	F	16	61	Taipei	F	19	66	Warsaw	C	1	34
Mexico City	F	22	71	New York	S	1	34	Rio de Janeiro	F	33	94	Tangier	C	12	54	Washington	S	0	32
Miami	S	13	55	Nice	S	10	50	Rome	S	14	57	Tel Aviv	F	14	57	Zurich	C	0	32

Temperatures at midday yesterday C–Cloudy Dr–Drizzle F–Fair Fg–Fog H–Hail R–Rain S–Sunny Sl–Sleet Sn–Snow T–Thunder

FINANCIAL TIMES
COMPANIES & MARKETS
Monday January 13 1992

INSIDE

Polly Peck directors face US legal action

Fourteen former directors of Polly Peck, the collapsed fruit-to-electronics conglomerate, face possible legal action in the southern district of New York from Lindner Fund, one of the top US mutual funds. Among those named is the Polly Peck former chairman, Mr Asil Nadir (left). The petition filed with the court claims that shareholders' rights suffered because of misleading information in the company accounts. Page 14

Hoare Govett to lose 70 staff

Hoare Govett, the UK stockbroking firm, is to announce tomorrow that it has made around 70 of its 450 staff redundant. The move follows the introduction of a bonus scheme, controversial inside the firm, in which the top 70 have been locked in with "loyalty payments" believed to total around £7m ($12m) Page 14

Fears shift to Macy's

One big US retail bankruptcy – that of Federated Department Stores and Allied Stores – is expected to move to a close this week, but worries that another could start at Macy's drove down the New York-based department store chain's bonds on Friday. Page 15

HP unveils low-cost workstation

In an aggressive bid to expand its share of the $9bn market for computer workstations, Hewlett-Packard will today launch an "entry-level" $5,000 computer workstation that is almost twice as fast as any in its price range. Page 15

Discussions over long bonds

There has been a lively debate among bond market economists in the past few weeks as they discuss whether the US government could save hundreds of millions of dollars on its interest bill by refinancing the deficit at shorter maturities and, in the process, stimulate the economy by bringing down mortgage rates. Page 15

Economists in debate

The US may have an ailing economy, but its economics profession is the envy of the world. Yet the profession's luxuriant growth in the US has coincided with America's relative economic decline. The rise of Japan, which has no world-class economists, testifies to the irrelevance of much conventional economic theory. Back Page

Market Statistics

Companies in this issue

Kevin Maxwell 'signed invalid transfer'

By **Richard Gourlay** in London

MR Kevin Maxwell's signature appeared on an invalid transfer of £32m ($58m) of shares from Bishopsgate Investment Management, which managed much of the Maxwell pension funds, according to a preliminary report made by BIM's auditors, Coopers & Lybrand Deloitte.

The shares in EURIS, a French investment trust, are being held by Banque National de Paris as security for a loan to a private company in the Maxwell empire. BIM has received no payment for the transfer, the report said.

Mr Kevin Maxwell alone authorised the transaction whereas two signatures were required, the Coopers report said.

Details of the transfer, and others from the £727m of assets managed by BIM for Maxwell pension funds, emerged as Mr Kevin Maxwell was due to appear before the Parliamentary Select Committee on Social Security this morning to explain the disappearance of assets from pension funds.

Coopers prepared the report in its role as auditors to BIM shortly before Robson Rhodes was appointed as provisional liquidator of BIM in early December. The report says £428m was lent in cash or shares to Robert Maxwell Group, one of the main private Maxwell companies.

Robson Rhodes says it has yet to trace £327m missing from BIM and it is uncertain who owns £400m it has found.

The Coopers report also identifies when shares that were being used as collateral for so-called "stock lending" from BIM to Maxwell private companies began to disappear. BIM began a stock lending programme in 1989, administered by London and Bishopsgate International, another private Maxwell entity. Stock lending is a market practice encouraged by the Bank of England. In July 1991 management of the stock lending programme passed to Maxwell Central and East European Partners, another Maxwell entity, with LBI acting as joint agents for Robert Maxwell Group.

At the start of 1991, BIM received collateral mainly in the form of Maxwell Communication Corporation and Berlitz shares. In June Mr Robert Maxwell "took control of the collateral", the report says, "except the Berlitz shares which were held in a safe in his secretary's office."

Mr Larry Trachtenberg, a former director of BIM, told Coopers that at the end of September the collateral was adequate but after Robert Maxwell died on November 6, the safe was checked and no collateral was found.

In front of the committee, Page 14

Andrew Baxter on a significant takeover

Big ideas in the small world of machine tools

There can be few big industrial sectors where a company can turn itself into the biggest US producer, and the fourth largest in the world, and still have annual sales of less than $700m.

But in the world machine tool market, such a company is one of a handful of giants among thousands of minnows. And in an era of megadeals, all it took to bring about one of the biggest takeovers in machine tool history was a $70m acquisition.

For that modest sum, Giddings & Lewis bought fellow US machine tool maker Cross & Trecker, once the world's largest machine tool maker, in November.

The deal may have been a pinprick in takeover terms, but for Mr William Fife, the large chairman and chief executive at Giddings & Lewis, there are big issues at stake: America's continuing role as a manufacturer, the future of a US machine tool industry trying to rebuild itself after a long battering from Japanese and European competition, and the lure of the European market, which accounts for 40-45 per cent of world machine tool consumption.

Mr Fife, fortunately, is used to tough assignments. He is one of the few executives in the boardrooms of US manufacturing who have built their careers literally from the ground up – after leaving the Navy he became a sweeper on the midnight shift at Inland Steel.

It is fitting, though, that he and his team from the small town of Fond du Lac, Wisconsin, should have begun their task of integrating the two companies in a year which saw the strategic importance of machine tool manufacture underlined as never before. The Gulf war exposed the dependence of US aerospace and defence industries on foreign equipment, such as gears, made on foreign machine tools, giving a boost to campaigners for greater US government support of strategic industries and turning their future into a trade issue.

Just after Christmas, President George Bush authorised negotiations with Japan and Taiwan to extend for two years voluntary restraint agreements (VRAs) on exports to the US of certain computer numerical controlled (CNC) machine tools. But the VRAs are to be phased out gradually during that period, giving US machine tool makers, says Mr Fife, "the opportunity and the incentive to continue our successful rebuilding to help make all American industry more competitive".

In the early 1970s, the average US machine tool company was small- or medium-sized, primarily serving the domestic market with a single product that faced little foreign competition, and conducting very little research.

As recently as 1982, there were 1,400 active US machine tool makers. But very few seemed to realise that their market was changing – customers wanted multiple product lines and a much closer working partnership with the machinery manufacturers. Machine tools were becoming part of ever more complex machining centres and flexible manufacturing systems, and customers demanded solutions that could raise their productivity in increasingly competitive global markets.

Now there are probably fewer than 600 active US machine tool makers – still far too many in an industry where fragmentation has caused chronic financial weakness.

Worse still, the US share of world machine tool consumption has fallen from around 20 per cent to 10 per cent over the past decade while the world market has doubled in size to about $43bn – a symptom of US industrial decline. And, over the same period, imports have doubled their share of the US market to 47 per cent last year, nearly half of which were from Japan.

Most observers say that the Japanese, with their relentless product development programmes and marketing power, and the Europeans, with their commitment to spending on research, have responded better to the changes in the US and world marketplace.

Mr Fife certainly thinks so, but since taking the top job at Giddings & Lewis in 1987 after a spell at Cross & Trecker, has been trying to buck the trend.

Artificial divisions between product lines have been removed, a significant investment made – albeit rather belatedly – in a company-wide computer-aided design (CAD) network, and research and development spending lifted sharply to 10 per cent of sales, three times the US industry average.

While the sales of Giddings & Lewis' sales have nearly doubled from $125m in 1987 to $242m last year, producing earnings of $20m, the performance at Cross & Trecker has been very different. It has clocked up losses of $100m over the last four financial years while sales have fluctuated around $420m-460m.

The David-and-Goliath deal created the sole US representative in the world machine tool top 10, and a company of around 5,000 employees, but exploiting and maintaining this position will not be plain sailing. Mr Fife has three aims from the deal – product range expansion and extension, and global presence. A wider presence in the European market is a crucial element in the deal – C&T's strengths on the continent should complement the Giddings & Lewis UK presence, said Mr Paul Lugara, Arbroath-based group vice-president for European operations.

In Mr Fife's favour is his continued willingness and ability to invest in research and development. That is due in part to tight cost controls forced by public company status – Giddings & Lewis was spun off from AMCA International, a Canadian manufacturer, in a 1989 public offering.

Giddings & Lewis will also have to move quickly to lift morale at C&T, which had been depressed by its recent performance.

Already, a small UK factory at Telford has been closed with the loss of 27 jobs, and Mr Lugara says some further cost reductions and elimination of duplication will be necessary. But he denies reports that four senior UK executives at C&T have been dismissed: "There may be some changes of position, but we need their expertise," he adds.

There have been rumblings in the trade press, too, about the speed with which the Giddings & Lewis name has supplanted much-loved names of C&T subsidiaries such as Warner & Swasey. But Mr Lugara says the change have not been a problem for customers or employees.

"We want to get across that we are one-stop shopping for factory automation," says Mr Lugara. Only then can the Giddings & Lewis deal create a unified bulwark against European and Japanese competition – giving the takeover a significance that few $70m deals could claim.

Top ten machine tool companies

US sales COMPANY	$M	Worldwide sales COMPANY	$M
Giddings & Lewis	*663	Amada	1,207
Cincinnati Milacron	429	Yamazaki Mazak	1,150
Ingersoll Milling	400	Okuma Machinery Works	739
Litton Industries	**290	Giddings & Lewis	*663
Gleason Works	177	Mori Seiki	661
Monarch Machine Tool	116	Komatsu	471
Hardinge Brothers	103	Schuler Group	464
Wean Inc.	101	Toyoda Machine Works	464
Hurco	94	Gildemeister	443
Brown & Sharpe	67	MAHO	442

*Combined sales of Giddings & Lewis plus Cross & Trecker **excludes material handling
Source: American Machinist

Pearson drops idea of MGN purchase

By **Raymond Snoddy** in London

PEARSON, the publishing, banking and industrial group, confirmed last night that it was no longer interested in acquiring Mirror Group Newspapers.

Mr Frank Barlow, managing director of Pearson and a former Mirror Group executive, who was enthusiastic about an acquisition at the right price, said: "In the light of the information we have, we have decided not to pursue the acquisition."

MGN is in administration, following the collapse of the business empire of the late Mr Robert Maxwell. Pearson, owners of the Financial Times, believes £400m ($728m) is missing from the MGN pension fund, and £100m from the company. In addition, the Mirror group, whose main titles are the Daily and Sunday Mirror, The People, The Sporting Life, and the Scottish Daily Record and the Sunday Mail, have £340m in ordinary debt. If little of the money is retrieved, the company capitalised at £500m when the shares were suspended in November may not be worth much. Mr Tiny Rowlands's Lonrho group also said late last year it was not interested in an acquisition.

The main remaining candidate to buy the left-of-centre publisher is a management buy-out led by Mr Richard Stott, the editor of the Daily Mirror, a plan backed by Electra, the venture capital group. There is also believed to be interest in putting together consortiums to bid from Hambros bank and Mercury Asset Management, the venture capital arm of S.G. Warburg, the merchant bank.

Mr Barlow told his executive management committee on Monday he thought the numbers did not justify acquiring MGN. This was endorsed at a Pearson board meeting on Friday.

A time to look to the future

Economics Notebook

By Peter Norman

WHETHER by coincidence or design, the approach of pre-Budget purdah for the chancellor and Treasury officials has been marked in recent years by an intensified debate about the conduct of British fiscal policy.

This year is no exception. Leaving aside the pre-election war of words over income tax rates, the past week has seen an important proposal from Mr John Smith, the shadow chancellor, to end the UK's curious practice of splitting the revenue raising and public spending parts of the annual budget process between Budget Day in March and the Autumn Statement in November.

Fiscal policy was also high on the agenda of last week's meeting of Neddy, the National Economic Development Council. There, for the first time in years, the Trade Union Congress and the Confederation of British Industry agreed on economic policy.

Today Arthur Andersen, the audit and business advisory group, makes a contribution* to the debate on fiscal policy with a suggestion that UK governments should pay more attention to maintaining fairness between generations in their spending and borrowing policies.

The authors of the report – Stephen Hailey, Brian Currie and Chris Osborne of Arthur Andersen – contend that Britain's existing cash-based system of public expenditure accounting and control discourages investment and fails to give adequate recognition to the importance of long term commitments in the planning of government spending. A system that paid more attention to inter-generational equity would take the short-termism out of British government spending plans.

Cash-based planning has been central to British government spending policy since the mid-1970s when it was introduced in an attempt to prevent run-away government spending, stoking inflation in the economy.

It was refined in the 1980s and finds its expression each year in protracted negotiations between the Treasury and individual spending departments. Although some aspects of spending – such as social security outlays – are demand-determined, discretionary spending is controlled through the imposition of cash limits.

Partly because of this system, the ratio of spending to gross domestic product in Britain fell from 47.5 per cent in the early 1980s to around 40 per cent by the end of that decade. The ratio has since risen under the impact of the recession and is expected to reach 42 per cent in the coming 1992-93 financial year. But according to the Arthur Andersen report, it remains the lowest in the European Community.

But Arthur Andersen also notes that the UK government has spent less on investment as a share of GDP than its EC trading partners. As a share of economic output, capital expenditure in the public and private sectors combined is also lower than in France and Germany.

The study avoids any contentious debate about the quality of Britain's infrastructure or transport system. But it points out that "there is room for concern that existing policies may be preventing appropriate levels of investment from taking place".

At times of pressure on the government finances, spending ministers and the Treasury have often found it easier to keep within cash limits by deferring capital spending rather than by cutting current spending. In more normal times, cash based planning can fail to recognise the beneficial consequences of spending which yields results in a time period considerably later than that in which the spending is made.

The report therefore urges the UK government to focus more on inter-generational equity when formulating its spending plans. It does not advocate an end to the present cash-based planning system. However, it suggests that government departments, when formulating their spending plans each year, should ask which current expenditure would yield significant benefits in future periods, and what significant commitments have been placed on taxpayers in future periods by current policy decisions.

The answers to these questions would reveal the broad shifts in inter-generational equity that have occurred through government spending plans. If the gains and losses to future generations of today's spending decisions were divided into time blocks of, say, five years, governments would have a better idea of how to split the financing burden between taxation and borrowing.

In the case of public investment, the present generation would be passing on benefits to future generations. Borrowing to cover that investment would ensure that the generation that receives the benefits carries its share of the costs rather than heaping all on to today's taxpayers.

This principle is already established practice in other countries. Germany, for example, links the amount of government borrowing that is allowed to the level of investment by the state.

Looking at Britain today, the Arthur Andersen report suggests that such an analysis could justify increased government borrowing to finance investment. Such a move might also be justified by the relatively low burden that future generations of UK taxpayers face as a result of existing commitments.

Britain's tax and benefits system does not face the same sort of pressure caused by a rapidly ageing population as do those of Japan and some other industrialised countries. Britain also spends proportionately less than other countries on social costs, so that increases in social costs that will arise from changes to the dependency ratio should not be as severe as in other countries.

So does the Arthur Andersen analysis mean that the present government, or whichever political party wins the general election, should relax cash limits on spending and consciously step up borrowing to boost investment?

One expert on public spending policy sounds a note of caution. Andrew Likierman, professor of accounting and financial control at the London Business School, points out that cash planning was introduced in response to the very high inflation of the 1970s.

More recent history has shown that Britain remains an inflation-prone country. Even though inflation has fallen sharply in the last 15 months and the UK is subject now to the discipline of the European exchange rate mechanism, the government would have to "look very carefully" at the implications of moving from the existing system of public expenditure planning, he says.

**Financing the Future: an alternative perspective for government financial planning. From Arthur Andersen and Co, 1 Surrey Street, London WC2R 2PS.*

Salomon suffers wave of staff departures

By **Sara Webb** in London and **Patrick Harverson** in New York

SALOMON Brothers, the Wall Street securities house which was caught rigging US treasury bond auctions last summer, has suffered a wave of staff defections from its London equity operations.

The annual meetings of the worldwide senior management of Salomon Brothers, which started in New York last week, will this week discuss staff compensation, following worries about how to stem staff losses.

Departures include Mr Nick Bedford, head of equity sales; Mr Chris Mitchinson, head of equity research and strategy; Mr Ian Hannam, head of international equities syndication; and Mr Rainer Frey, also from equities syndication.

Salomon has also lost two European equity traders, a senior Eastern European expert who worked on the firm's international equity offering for Fotex, and the head of its Paris office.

Mr Jim Massey, head of Salomon Brothers' international business said: "We have lost a few people in London whom we did not want to lose."

He added that the shake-up in the equities business "wasn't a major restructuring ... we had some weak links, and these have been expunged".

Mr Massey "categorically denied" that Salomon Brothers is cutting back its international equity business.

A spokesman for Salomon Brothers said "everyone who goes will be replaced, there will be no net loss" although the firm admitted that several of the jobs remain vacant.

COMPANIES AND FINANCE

Job cuts will mean more direct focus on corporate finance business

Hoare Govett makes 70 redundancies

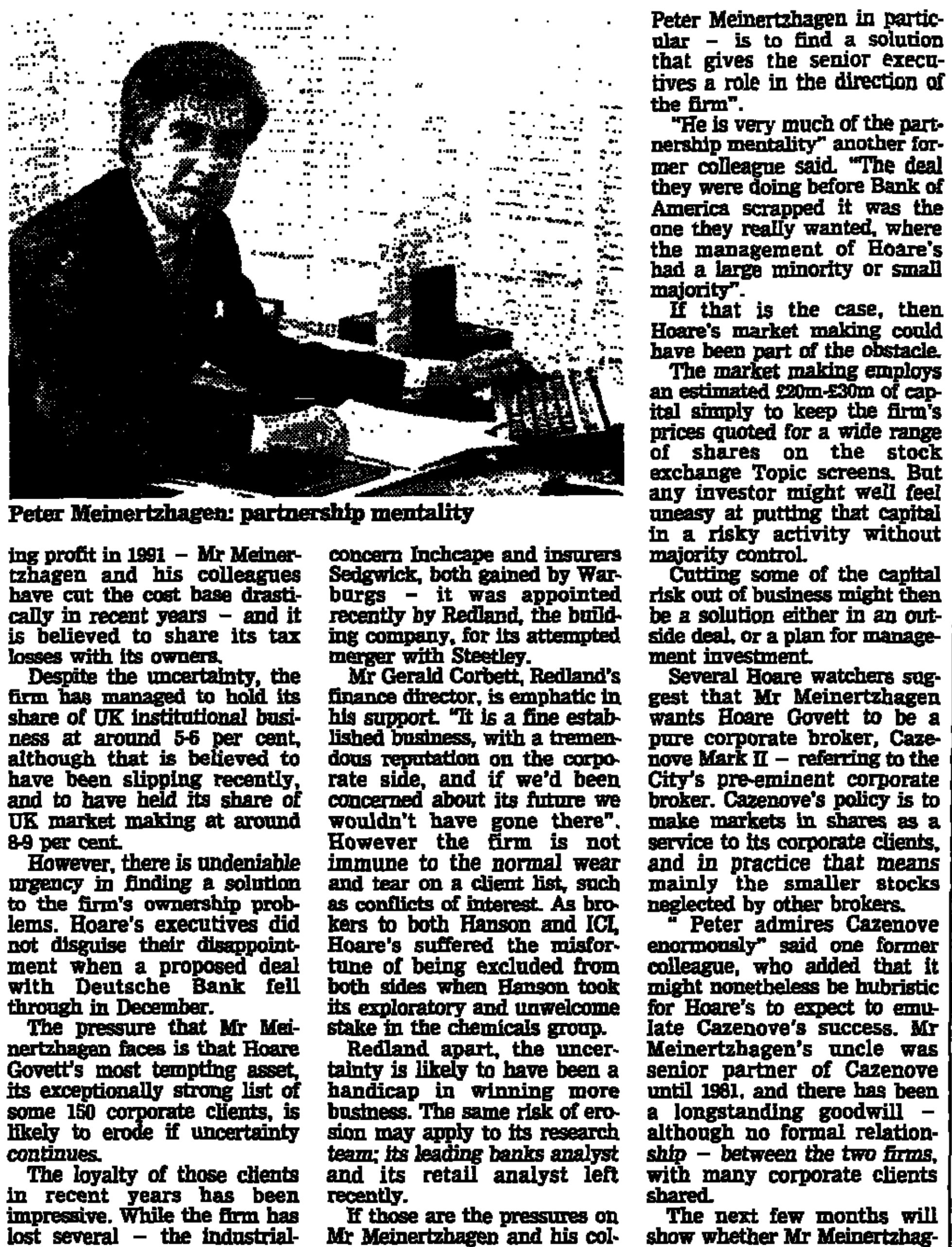
By Bronwen Maddox

HOARE GOVETT, the stockbroking firm owned by Security Pacific which has been seeking a new backer for months, will announce tomorrow that it has made around 70 of its 450 staff redundant, to focus more directly on its corporate finance business.

The cuts, which will affect most levels and departments of the firm, will cut back the market marking, which employs some 30 people and an estimated £20m-£30m capital.

The move follows the introduction of a bonus scheme, controversial inside the firm, in which the top 70 have been locked in with "loyalty payments" believed to total around £7m.

Hoare Govett declined to comment "on any matter involving our staff". The firm is expected to argue that the cuts – and bonuses – are necessary either for a successful deal with a new owner or for the firm's independent survival. The firm is understood to be in negotiations with a potential buyer.



Peter Meinertzhagen: partnership mentality

The move raises questions of whether the firm's chairman, Mr Peter Meinertzhagen, has finally secured the future of one of the City's most respected houses, given the repeated failure of proposed deals in the past six months.

Hoare Govett's plans for a partial management buyout from Security Pacific were scuppered in October when SecPac merged with BankAmerica and it was made clear that even a reduced investment in the securities firm would have no place in the two banks' joint future. However Hoare Govett executives were unable to finance a full buyout, and the search began for new backers.

Hoare Govett says that no formal deadline has been given by SecPac, despite reports of a six-month limit to its support. The firm made a small operating profit in 1991 – Mr Meinertzhagen and his colleagues have cut the cost base drastically in recent years – and it is believed to share its tax losses with its owners.

Despite the uncertainty, the firm has managed to hold its share of UK institutional business at around 5-6 per cent, although that is believed to have been slipping recently, and to have held its share of UK market making at around 8-9 per cent.

However, there is undeniable urgency in finding a solution to the firm's ownership problems. Hoare's executives did not disguise their disappointment when a proposed deal with Deutsche Bank fell through in December.

The pressure that Mr Meinertzhagen faces is that Hoare Govett's most tempting asset, its exceptionally strong list of some 150 corporate clients, is likely to erode if uncertainty continues.

The loyalty of those clients in recent years has been impressive. While the firm has lost several – the industrial concern Inchcape and insurers Sedgwick, both gained by Warburgs – it was appointed recently by Redland, the building company, for its attempted merger with Steetley.

Mr Gerald Corbett, Redland's finance director, is emphatic in his support. "It is a fine established business, with a tremendous reputation on the corporate side, and if we'd been concerned about its future we wouldn't have gone there". However the firm is not immune to the normal wear and tear on a client list, such as conflicts of interest. As brokers to both Hanson and ICI, Hoare's suffered the misfortune of being excluded from both sides when Hanson took its exploratory and unwelcome stake in the chemicals group.

Redland apart, the uncertainty is likely to have been a handicap in winning more business. The same risk of erosion may apply to its research team; its leading banks analyst and its retail analyst left recently.

If those are the pressures on Mr Meinertzhagen and his colleagues to resolve the ownership question, what have been the obstacles?

The pitfalls of investing in any stockbroker have been well illustrated by the past few years. A particular obstacle is that Hoare's executives have been anxious to have control of their business.

One former senior employee sums up: "What Hoare's have been setting out to do – and Peter Meinertzhagen in particular – is to find a solution that gives the senior executives a role in the direction of the firm".

"He is very much of the partnership mentality" another former colleague said. "The deal they were doing before Bank of America scrapped it was the one they really wanted, where the management of Hoare's had a large minority or small majority".

If that is the case, then Hoare's market making could have been part of the obstacle.

The market making employs an estimated £20m-£30m of capital simply to keep the firm's prices quoted for a wide range of shares on the stock exchange Topic screens. But any investor might well feel uneasy at putting that capital in a risky activity without majority control.

Cutting some of the capital risk out of business might then be a solution either in an outside deal, or a plan for management investment.

Several Hoare watchers suggest that Mr Meinertzhagen wants Hoare Govett to be a pure corporate broker, Cazenove Mark II – referring to the City's pre-eminent corporate broker. Cazenove's policy is to make markets in shares as a service to its corporate clients, and in practice that means mainly the smaller stocks neglected by other brokers.

"Peter admires Cazenove enormously" said one former colleague, who added that it might nonetheless be hubristic for Hoare's to expect to emulate Cazenove's success. Mr Meinertzhagen's uncle was senior partner of Cazenove until 1981, and there has been a longstanding goodwill – although no formal relationship – between the two firms, with many corporate clients shared.

The next few months will show whether Mr Meinertzhagen's plans take the firm in that direction, and its realistic chances of success.

One former colleague of Mr Meinertzhagen said "I think Peter will try hard to do the deal he thinks is right. He will not try hard to do a deal he doesn't think is right. The business has been messed up once already. It's not collapsing, but this time it has to work."

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corres-ponding dividend	Total for year	Total last year
Jennings Bros ......fin	3	-	2.85	4.8	4.65
Pepe Group ......int	2	Apr 6	2.5	-	4
Quiligotti ......int	nil	-	0.76	-	1.53

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. §USM stock.

Polly Peck directors face US legal action

By David Barchard

FOURTEEN former directors of Polly Peck, the collapsed fruit, electronics conglomerate, face possible legal action in the southern district of New York from Lindner Fund, one of the top US mutual funds.

Lindner's action, which includes the company itself, as well as many of its directors and Stoy Hayward, its auditors, was launched shortly before Christmas.

Among those named is the Polly Peck former chairman, Mr Asil Nadir, and Mr David Fawcus, the former finance director. Mr Paul Hibbs, senior partner at Stoy Hayward, said: "As far as we are concerned, it has no foundation at all."

The petition filed with the court claims that shareholders' rights suffered because of misleading information in the company accounts.

Polly Peck, one of the star performers on the London stock exchange in the early 1980s, went into administration in October 1990 with debts of £1.15bn. Since then it has emerged that many of its main subsidiaries were much less profitable than its published accounts suggested.

The case is the the second to be brought against Polly Peck's auditors.

Mr Christopher Morris of Touche Ross, one of three administrators running Polly Peck, lodged a writ in the High Court in London on December 18 claiming damages from Stoy Hayward for "negligence and/or breach of contractual duty of care" on Polly Peck's accounts for the year ended December 20 1985.

Touche Ross is considering issuing writs related to the company's accounts for later years. There is also a separate legal action to recover funds allegedly belonging to the company from Mr Nadir and his mother.

Mr Nadir also faces 72 theft charges and four of false accounting, involving £155m of company funds in a prosecution brought by the Serious Fraud Office.

Polly Peck's administrators are trying to get the US action adjourned.

Maxwells under TV scrutiny

Bronwen Maddox on their parliamentary meeting

"We're not political dentists – I can't get their mouths open and make them speak" says Mr Frank Field, MP. Today at 2pm he will interview the sons of the late Mr Robert Maxwell in his role as chairman of the parliamentary committee that is trying to trace hundreds of millions of pounds missing from the pension funds of the publisher's collapsed empire.

If Mr Kevin Maxwell and Mr Ian Maxwell agree to answer the Social Security committee's questions, it will be their first public comment on how the money disappeared.

Today is a hectic day for Mr Kevin Maxwell's lawyers – at 10.30am, unconnected with the committee proceedings, his court battle over his right to refuse to answer questions about the missing millions goes to the Court of Appeal.

Although the brothers are obliged to attend the Social Security Committee, it cannot force them to answer its questions, and attention will be on the degree of their co-operation.

However, Mr Field pointed out yesterday that the committee will be televised "and silences will be recorded. In the days when the proceedings were just recorded in Hansard, the importance of silences was not obvious".

Mr Field added that he would open the committee by reminding those attending that it was not a trial, but that he had suggested to the Maxwell brothers that they could bring their lawyers if they wanted.

The Social Security committee has ordered the brothers to submit trust deeds, accounts and financial statements on Maxwell family trusts and foundations.

It is now clear that some of the missing pension fund money – which could be as much as £700m – was used to shore up the tottering private Maxwell companies. However these businesses, now in administration under insolvency regulations, are ultimately owned by companies registered in Liechtenstein, Luxembourg, Switzerland and Gibraltar, and the committee is hoping to shed light on whether pension fund money has been diverted there.

The committee has said that with 16,000 Mirror and Maxwell pensioners involved the case is of major public interest.

It's demand was submitted to the brothers in mid-December after they failed to attend an earlier committee hearing into the loss of pension funds from publicly listed Maxwell companies.

In a separate move today, the Court of Appeal will consider whether Mr Kevin Maxwell can rely on the common law right against self-incrimination as a ground for refusing to answer questions. He is not obliged to turn up in person.

Mr Maxwell is appealing against Mr Justice Hoffman's decision on December 24 that he must comply with an order on December 8 requiring him to disclose on affidavit his knowledge of transactions from October 1989 onwards involving property funds or assets of Bishopsgate Investment Management, which was manager of most of the pooled pension funds for Maxwell companies.

The basis for Mr Justice Hoffman's decision was that the order was made in Companies Court proceedings under the 1986 Insolvency Act, which does not entitle him to invoke the privilege against self-incrimination.

The court will also hear a separate cross-appeal from Mirror Group Newspapers, one of the publicly-listed Maxwell companies, which has brought an action for damages for breach of trust, fraud and conversion against Mr Kevin Maxwell, his brother, and the personal representatives of their late father.

MGN is appealing against Mr Justice Hoffman's decision that Mr Kevin Maxwell should be excused from some of the disclosure requirements in an order on December 12 as the order was obtained in ordinary proceedings by private writ.

CROSS BORDER M&A DEALS

BIDDER/INVESTOR	TARGET	SECTOR	VALUE	COMMENT
Sun Alliance (UK)	Forenede (Norway)	Insurance	£72m	White knight riding
Nestle (Switz) BSN	Cokoladovny (Czech)	Food	£52m	Big stake with EBRD
Nippon Sanso (Japan)	Tri-Gas (US)	Gas	£49m	No problems expected
International consortium	CSA (Czech)	Airlines	£32m	Air France et al take 40%
John H Harland (US)	Unit of Bowater (UK)	Cheque printing	£27.4m	Cash to cut borrowings
GrandMet (UK)	Unit of McGlynn (US)	Frozen Food	Est £77m	Complements Pillsbury
Whessoe (UK)	Varec (US)	Control products	£11.2m	Reducing power dependence
Halma (UK)	Perma Pure Products (US)	Gas drying	£5.4m	Cash and paper deal
Sears (UK)	ter Meulen Post (Holland)	Mail Order	£5m	Final talks
Henkel (Germany)	Unit of Nobel (Sweden)	Consumer goods	n/a	Nordic foothold

Source: FT Mergers + Acquisitions International

Retail fears shift to Macy's from Federated/Allied

By Nikki Tait in New York

ONE big US retail bankruptcy – that of Federated Department Stores and Allied Stores – is expected to move to a close this week, but worries that another could start at Macy's drove down the New York-based department store chain's bonds on Friday.

At the end of last week, the bankruptcy court judge in the Federated/Allied case agreed to sign an order confirming the companies' reorganisation plan. Final technicalities delayed his formal approval, but this is expected shortly. The two groups – which take in chains like Bloomingdale's, Lazarus in Cincinnati, and Bon Marche in Seattle – could then emerge from bankruptcy in mid-February.

Under the reorganisation plan, which won backing from creditors in late-December, Federated and Allied would be merged into one group. Essentially, creditors would get a mixture of cash, new debt securities and equity in the merged company. The two retail groups already share common senior management.

The reorganisation plan provides for the issue of about 80m new shares, which will be listed. It would reduce debt and other claims against the companies from about $8.2bn when Federated/Allied filed for bankruptcy protection in January 1990, to about $3bn.

The retailers' escape from corporate purgatory has symbolic significance too. Federated/Allied were acquired by Canada's Campeau Corporation through two multi-billion dollar leveraged bids in 1986 and 1988. When bankruptcy ensued, it seemed to epitomise the demise of the debt-laden 1980s and the era of financially-engineered deals.

But, while one retail sector problem seems close to resolution, junk bonds issued by R. H. Macy fell sharply on Friday – following heavy losses earlier in the week – on rumours of a delayed payment to trade creditors.

Late on Friday, Macy's confirmed that it would not send out vendor cheques until January 25, essentially two weeks' late, but claimed this was due to "clean down" provisions in its banking agreements. A revolving credit agreement requires Macy's to reduce borrowings under the facility below certain levels during the December-February period. By delaying supplier payments, Macy's hopes to meet the banking requirements.

Earlier in the week, Macy's claimed that talk of a bankruptcy filing was "unfounded" and, on Friday evening, said this position was unchanged. Nevertheless, its zero coupon bonds fell to $23, having been around $35 mid-week. Macy's lost $155.4m in the quarter ended November 2, worse than analysts expected, and is thought to have shared in the generally disappointing Christmas season.

SEARS, Roebuck, the big Chicago-based retailer, is facing fresh troubles, writes Barbara Durr. Moody's Investors Services has placed its credit rating under review for a possible downgrade.

The agency said $11.2bn of securities and $15bn of commercial paper would be affected, as would $1.8bn of long-term debt from subsidiaries. Moody's is concerned about Sears' continuing problems with its core retail business and its ability to manage its already high leverage while meeting the capital needs of its many businesses.

HP unveils low-cost workstation

By Louise Kehoe in San Francisco

IN AN aggressive bid to expand its share of the $9bn market for computer workstations, Hewlett-Packard will today launch an "entry-level" $5,000 computer workstation that is almost twice as fast as any in its price range.

HP has set its sights on the market for low-end workstations, currently dominated by Sun Microsystems, which is the highest volume segment of the workstation market.

Digital Equipment also entered the field last month, with a $4,000 workstation and International Business Machines is also expected to announce new low-end models next week.

HP claims to have leap-frogged competitors by offering significantly higher performance in a low-cost computer.

While Sun and Digital's "entry-level" workstations offer performance of about 20 specmarks – a widely accepted measure of computer performance – HP's new workstation is rated at 34 specmarks.

Sun currently holds about 40 per cent of the entire workstation market, with Hewlett-Packard second at 16 per cent, according to market researchers.

Investcorp profit declines by 21% to $52m

By Robert Peston

INVESTCORP Bank, the Arab controlled investment bank, suffered a 21 per cent drop in net profits to $52.2m in 1991.

However, Mr Michael Merritt, a member of Investcorp's management committee, said the bank was pleased with its performance in view of the economic and political upheavals of the past year, notably the Gulf war.

Investcorp specialises in channelling funds held by wealthy Arab investors into well established businesses located in western economies. In a typical deal, it will arrange the buy-out of a company, such as that of Saks Fifth Avenue, the US stores group, which it organised two years ago.

It distributes the equity and subordinated debt needed for the buy-out among its clients, keeping between 10 and 15 per cent. After the acquisition is completed, it takes a close interest in the management of the acquired company.

Mr Merritt said that in 1991 Investcorp took a strategic decision not to make any acquisitions, because of the "severe economic difficulties" faced by most economies.

The bank concentrated on ensuring its existing investments would continue to increase in value. However, the absence of acquisitions – and thus the absence of fees for arranging deals – was a substantial contributor to the fall in profits.

Speaking from the bank's head office in Bahrain, Mr Elias Hallack, Investcorp's chief financial officer, said he was particularly pleased that net interest income of $39.2m was only 13 per cent down on the previous year and exceeded operating expenses of $28.6m. He said this demonstrated that the bank could make a profit simply from the earnings it received from its portfolio of investments.

Other income, including profits from the disposal of investments and from trading in securities and foreign exchange, was $51.6m, down from $65.9m.

During the year, it sold its minority interests in Thecla Industries, a French aluminium components company, and in Fox Photo, the big US retail photoprocessing company.

The group's net assets increased from $243m to $278m. It is paying a dividend of 3.75 cents a share, unchanged from a year earlier.

Mr Merritt said he expected 1992 to be another difficult year.

Investcorp has a complicated corporate structure. Part of the group has a listing on the Bahrain stock exchange and it has an estimated 10,000 shareholders.

Just before the Gulf war, Investcorp reorganised its structure and transferred control of its assets out of the Gulf to a Luxembourg-based subsidiary. However, the group continues to be managed from Bahrain, though it also has offices in London and New York.

Laidlaw suffers 47% drop in first-quarter earnings

By Bernard Simon in Toronto

EARNINGS at Laidlaw, the Canadian waste services and school bus operator, fell by 47 per cent in the first quarter of fiscal 1992.

Much of the decline was due to lower contributions from its two affiliates, ADT, the Bermuda-based security and car auction group, and Attwoods, the UK-based waste management company. Laidlaw is the largest single shareholder in both companies.

Laidlaw's earnings dropped to US$40.6m, or 16 cents a share, in the three months to November 30, from $77.5m, or 32 cents a share, a year earlier. Revenues rose fractionally to $521.3m.

The combined contributions from Attwoods and ADT tumbled to $8.4m from $24.3m. Laidlaw does not publish separate figures for the two companies.

Laidlaw and ADT have yet to finalise the selection of three out of the four independent directors who are due to join ADT's board under a truce between the two companies hammered out nine months ago.

The agreement followed serious allegations by Laidlaw about ADT's corporate governance under its chief executive Mr Michael Ashcroft.

Laidlaw's US garbage business remains a headache, with margins sinking to 10 per cent from 17.2 per cent a year earlier. Besides the recession, this division is suffering from management problems and the legacy of an unfocused acquisition spree in the 1980s.

Despite these setbacks, Laidlaw's share price has moved up sharply in recent weeks, closing at C$11.50 on the Toronto stock exchange on Friday, up from a low of C$8.35 late last year.

Liffe set to relaunch Ecu bond future

By Tracy Corrigan

THE London International Financial Futures Exchange is relaunching its Ecu bond future tomorrow, in an effort to revive interest in the flagging contract, which started trading last March.

Liffe has instituted a formal market-making scheme, under which five firms – Deutsche Bank, San Paolo, Swiss Bank Corporation, Tokai International, and UBS Phillips & Drew – will make prices at a maximum bid/offer spread of four basis points in a minimum amount of 15 contracts.

The contract design has been changed to include only sovereign debt, but will allow greater flexibility in the selection of deliverable bonds.

Disney chief takes salary cut of 50%

THE 1991 salary and bonus package paid to Mr Michael Eisner, chairman and chief executive of the Walt Disney company, was less than half the 1990 level because of Disney's performance, according to a proxy filing by the company, Alan Friedman writes from New York. Mr Eisner received $5.44m in 1991, compared with $11.2m in 1990.

Knauf buys Danish plasterboard group

By Andrew Baxter

KNAUF, the privately-owned German group, has strengthened its presence in the European plasterboard market with the acquisition of Danogips of Denmark, Europe's fourth biggest producer.

The deal, for which terms were not disclosed, consolidates Knauf's position as the industry's second biggest player, behind BPB Industries of the UK and ahead of Lafarge Coppée of France.

It also continues the rapid restructuring of the European plasterboard industry, which will now be dominated by these three companies.

Danogips, which employs 600 people, has two plasterboard plants in Denmark and one in Sweden.

It also makes specialist interior finishing products, and had total turnover last year of more than DKr600m ($97.9m).

The deal gives Knauf its first manufacturing facilities in Scandinavia.

NRI TOKYO BOND INDEX

December 1983 = 100	2/1/92	Average yield (%)	Last week	12 wks ago	26 wks ago
			PERFORMANCE INDEX		
Overall	168.91	5.69	168.22	163.40	155.82
Government Bonds	167.92	5.49	167.87	161.59	153.35
Municipal Bonds	170.63	6.04	170.00	165.76	157.45
Govt.-guaranteed Bonds	172.73	6.07	172.30	168.40	160.53
Bank Debentures	164.54	5.54	163.87	158.75	152.94
Corporate Bonds	170.91	6.40	170.69	164.45	159.31
Yen-denom. Foreign Bonds	174.25	7.13	174.82	171.38	165.09
Government 10-year†	5.60	–	5.67	6.06	6.69

† Estimated par yield

Source: Nomura Research Institute

INTERNATIONAL CAPITAL MARKETS

UK GILTS

Investors shrug off auction doubts

ALTHOUGH thrown out of their stride by news of a further tranche of gilt-edged securities to go on sale later this month, investors continued to show firm support for the bonds, with yields being pushed down.

Prices rose for most classes of gilts, with yields coming down by about 5 basis points (0.05 percentage points) during the week for long-dated bonds, and by up to twice this much for instruments at the shorter end of the yield curve.

The yield fall for the week would have been greater, without the announcement by the Bank of England on Friday that it will auction an unspecified amount of gilt-edged stock on January 29.

It seems likely that up to £2bn of securities, maturing between 1998 and 2002, will go on sale in what has now become a regular series of auctions. The announcement caused a price drop of about ¾ percentage point on Friday, prompted by worries that a large amount of bonds coming on to the market will force up yields. The Bank is to announce on January 21 further details about terms for the auction and stock to be sold.

However, since the start of 1992 the gilt market has firmed, with fears by many gilt investors about the consequences of a glut in supply falling into the background. According to the calculations of some gilt specialists, action by the Bank in selling £1.5bn of the securities at this month's auction would virtually end the requirement by the UK authorities to fund the public-sector borrowing requirement for this financial year.

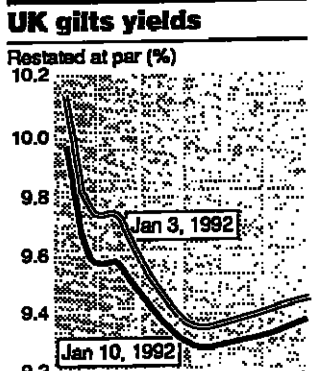
According to the Treasury, the UK must borrow £10.5bn on financial markets in the year to April, to supplement the government's public spending funds. Assuming the auction succeeds, the Bank will have sold about £15bn during the year, more than enough to cover the borrowing requirement, after taking account of payments on gilt redemptions.

The reduction in funding pressure was illustrated on Thursday when the Bank disposed of the final components of a tap stock of £1bn worth of 8.5 per cent Treasury bonds maturing in 2007, which became available in mid-December. Last month, few buyers had emerged for the instruments, because of weak demand for gilts generally.

So far this month, the underlying demand patterns have been different. Investors such as pension funds have demonstrated more interest in switching money out of equities and into debt-related instruments, due to growing indications of a long and slow UK recovery which is likely to dampen inflation and cause downward pressure on interest rates.

UK gilts yields

Restated at par (%)



Source : Warburg Securities

The buying activity has increased in spite of problems for the pound. Last week, the unit traded nervously, often close to its effective floor in the European exchange rate mechanism of about DM2.832. Should the pound weaken more, prompting intervention by the Bank, gilts could suffer due to overseas investors holding back from buying.

However, the mood on currency markets about sterling is relatively calm. The pound's effective ERM floor is set by the peseta, the system's strongest currency. If currency investors were to sell the pound in high volumes, the limit could relatively easily be brought down. According to this view, alarm bells at the Bank and the Treasury about sterling would ring only when the pound fell close to the bottom of its 6 per cent band against its central DM2.95 ERM rate – an "ultimate floor" of about DM2.78 and some 6 pfennigs beneath Friday's close.

Figures released by the Bank last week illustrated the strong demand for gilts by UK institutions in November, when they snapped up £1.1bn worth of the instruments. December was a poor month in which yields rose, mainly due to jitters about sterling, but since the beginning of the year UK bonds have outperformed all other main government instruments. While yields on 10-year gilts have fallen 25 basis points since the end of December, yields on 10-year French, German and Japanese government bonds are down just 17, 10 and 5 basis points. Over this period, yields on US Treasury bonds of equivalent maturities have increased by 14 basis points.

Peter Marsh

GERMAN BUNDS

Outbreak of optimism drives yields down

AT LAST, the yield on the 10-year long bund has fallen from the 8.25 to 8.5 per cent range in which it was stuck for the latter half of last year.

A wave of buying from overseas before and after Christmas has driven the yield to just below 8 per cent, with enthusiasts predicting that it will reach 7.5 per cent by the middle of the year.

Paradoxically, the catalyst was the Bundesbank's decision to raise each of the discount and Lombard rates by a full half a percentage point to 8.5 and 9.75 per cent respectively. The increase was denounced as "going overboard" by international and domestic observers alike. But fixed-income investors were pleased.

"A clear consensus has emerged that we have already reached the peak for short-term interest rates for the current year," says Mr Mark Houghton-Berry, executive director in charge of fixed income activities at Goldman Sachs in Frankfurt, explaining international investors' response to the highest German interest rates in 50 years. "They believe that they should not wait for rates to fall, but should buy bunds now."

Part of the attraction is that bunds offer significantly higher yields than US Treasury bills. Equally, international investors have been drawn in on the assumption that the Bundesbank's resolute display of monetary rectitude just before Christmas will be enough to put an end to the build-up of inflationary pressures in the German economy.

Consumer price inflation reached an annual rate of 4.1 per cent in December and is expected to rise to 4.7 per cent in March. Labour cost inflation is running at over 7 per cent and the Bundesbank must be hoping that the rate move will frighten German unions into accepting reasonable settlements in the 1992 wage round. By reasonable the Bundesbank may mean below 5 per cent.

Investors are assuming that the strategy will work, and that after settlements are finalised in April, the Bundesbank will be in a position to bring rates down again. Taking into consideration the slowdown of the German economy, consumer price inflation could be down to 3 per cent by the end of the year.

These are all reasons why bunds should move into a new trading range – with yields fluctuating between 7.6 and 7.9 per cent in during the first quarter.

At present, as Mr Dieter Wermuth of Caisse des Dépots in Frankfurt puts it: "Buying bunds is the only game in town," – with the caveat that the game is played mainly by non-domestic investors. For capital gains to be anything other than precarious or short-lived, German investors must buy too – and there is no incentive for them to do so when yields on overnight money and three month-deposits are significantly higher than those on 10-year bunds.

One other factor could dislodge the favourable outlook: increasing instability in the former Soviet Union. International investors attitudes to Germany are likely to change dramatically if troubles in the east escalate in some as yet imponderable way – and bund yields may go back up again.

David Waller

US MONEY AND CREDIT

Economists debate cutting long bonds

CAN the US government save hundreds of millions of dollars on its interest bill by refinancing the deficit at shorter maturities and, in the process, stimulate the economy by bringing down mortgage rates?

This question, first asked last month by Mr Nicholas Brady, the US Treasury secretary, has sparked a lively debate among bond market economists in the past few weeks.

Mr Brady posed the question because he has been dismayed by the stubbornness of long-term interest rates, which have refused to decline as sharply as short-term rates, in spite of the aggressive easing of monetary policy by the Federal Reserve.

Long-term rates have remained high – the spread between the yield on short- and long-term securities is currently more than 300 basis points – primarily because demand for longer-dated securities has dwindled as overseas investors, especially the Japanese, have stayed away from the market or invested in other, higher-yielding sovereign debt.

High long-term rates has led many to ask why the government should be paying 7.5 per cent interest on its debt when it could be paying 4 per cent or 5 per cent.

Although there have been radical calls for a complete phasing out of the long bond, if there were change it would probably involve reducing the supply of longer-dated securities.

The theory behind such a move is simple. If less long-term securities are issued, prices rise and long-term yields fall. This would stimulate the economy, because long-term yields are used to calculate most US mortgage rates, and a reduction in mortgage rates would free up extra income that could be spent on goods and services.

Reducing the issue of long-term debt means having to increase supply at the short end, which pushes up short-term interest rates. But the rise in yields at the short end of the market would not be as pronounced as at the long end, and the Federal Reserve could always cut the discount rate to force short rates lower if they went too high.

Opponents of reducing the supply of bonds warn serious debt-management problems could arise if maturities are shortened. They say the Treasury would have to roll over the Federal debt more often, and that the debt would be exposed to fluctuations in short-term rates.

The core of their case is that the Treasury's management of the country's debt should not involve interest rate speculation. If the economy were to recover strongly, and push up inflation, the government could have to roll over matured short-term debt at much higher rates.

While the two sides have battled it out, an intriguing solution has come from Mr Donald Coxe, an economist in New York with Gordon Capital. Mr Coxe, who for six years helped the Canadian health minister manage Canada's huge social security pension fund, says the answer lies in the enormous buying power of the US Social Security Trust Fund (SSTF).

The SSTF, which owns a quarter of the US national debt, is the world's largest pension fund. It has always invested US taxpayers' social security payments in US government securities right across the maturity range, from monthly bills to 30-year bonds, buying them from the Federal Reserve at auction, and occasionally in the open market.

Mr Coxe believes the fund should stop investing in short-term securities. Instead, the Fed should announce that in future all 10-, 20- and 30-year government bonds will be sold direct to the SSTF. This would lead to a big drop in long-term yields, and quickly bring down mortgage rates. It would not affect the duration of the government debt.

Moreover, the interests of the taxpayers who contribute to the fund would be better served because a shift away from lower yielding short-term securities to higher yielding bonds would improve the return on the fund's portfolio.

Mr Coxe's scheme would not be without its losers, the biggest being Wall Street's dealing firms, whose commissions would plummet if the SSTF bought all the supply of new bonds direct from the Treasury. But, as Mr Coxe asks: "Why should a commission be paid unnecessarily on a sale to a government trust fund?"

Close observers of the Treasury believe the most likely outcome of the debate will be a modest reduction in the issue of long-term bonds. Expect the next quarterly refunding, due in early February, to include $2bn to $4bn fewer 10-year and 30-year bonds than in the previous round, and more bills and notes.

Patrick Harverson

US MONEY MARKET RATES (%)

	Last Friday	1 week ago	4 wks ago	12-month High	12-month Low
Fed Funds (weekly average)	3.63	3.75	4.00	11.00	2.00
Three-month Treasury bills	3.90	3.93	4.24	8.29	3.76
Six-month Treasury bills	4.00	4.00	4.32	7.70	3.95
Three-month prime CDs	4.07	4.12	4.55	7.17	4.07
30-day Commercial Paper	4.00	4.20	4.85	7.12	4.00
90-day Commercial Paper	3.97	4.10	4.60	7.02	3.97

US BOND PRICES AND YIELDS (%)

	Last Fri.	Change on wk	Yield	1 week ago	4 wk. ago
Seven-year Treasury	99⅛	n/a	6.53	6.48	6.72
20-year Treasury	119⅞	-¼	7.19	7.17	7.63
30-year Treasury	106⅝	+½	7.46	7.47	7.81

Money supply: In the week ended December 30, M1 fell by $2.6bn to $895.9bn.

FT/ISMA INTERNATIONAL BOND SERVICE

U.S. DOLLAR STRAIGHT	Issued	Bid price	Chg on week	Yield
ABBEY NATIONAL 9 3/4 94	200	107¼	-⅛	5.76
ABN 9 1/8 94	200	107	-⅛	6.06
AETNA LIFE & CAS 7 3/4 16	200	101¼		7.58
ALBERTA PROVINCE 8 5/8 96	750	108		6.64
ALBERTA PROVINCE 9 3/8 95	600	110¼		6.24
AMERICAN EXPRESS 0 00	450	48½	+⅛	8.48
AMERICAN GENERAL 9 3/4 95	100	106¼		7.44
AMERICAN INTL 0 04	750	36¼	+⅛	8.27
ASIAN DEV BANK 0 04	1000	38¾	+1⅛	7.82
ASIAN DEV BANK 8 96	100	105¼	-⅛	6.74
AUSTRALIA 11 95	200	113½	-⅛	6.52
[illegible]				
OSLO 7 7/8 97	150	103¾	-⅛	7.09
OSAKA PREFECTURE 8 1/2 94	140	106¾		5.60
OSTER KONTROLLBANK 8 1/2 01	200	107¾	+⅛	7.32
OSTER KONTROLLBANK 9 95	200	109½	+⅛	6.00
OSTER POSTSPARK 10 1/2 94	150	110	+⅛	5.67
PANASONIC FIN 9 3/8 94	300	107¾	+⅛	5.55
PETRO-CANADA 7 1/4 96	200	102¾	-⅛	6.59
PETROBRAS 10 96	200	93¼	+1½	12.27
PHILIP MORRIS 9 7/8 98	200	106¼	+⅛	8.51
PROCTER & GAMBLE 10 95	150	103¼		8.89
PRUDENTIAL FIN 8 1/4 01	300	101¾	+⅛	7.96
PRUDENTIAL RLTY SECS 0 99	365.216	58¾	+⅛	7.85
QANTAS AIRWAYS 8 5/8 96	97.75	106½	+⅛	6.79
QUEBEC HYDRO 9 01	300	107¾	+⅛	7.78
QUEBEC HYDRO 9 3/4 98	150	111½	-⅛	7.50
QUEBEC PROV 9 98	200	107¾		7.37
QUEENSLAND GOVT 10 1/4 95	100	111½		6.53
RALSTON PURINA 11 3/4 95	150	112½	-⅛	7.25
REED PUBLISHING 9 5/8 97	150	109½		7.41
SAINSBURY 9 1/8 96	150	108¼	-⅛	6.97

	Issued	Bid price	Chg on week	Yield
SAS 10 99	200	107¼	-⅛	8.50
SAS 10 1/8 95	150	109¼	+⅛	7.26
SBAB 9 1/2 95	500	110	+⅛	6.12
SBC FINANCE 7 3/4 96	200	105	-⅛	6.46
SEAGRAM CO 8 1/2 96	100	103½	-⅛	7.53
SEARS EURO TRUST 8 3/4 96	750	104¼	+⅛	7.57
SEARS O/S FIN 0 98	500	59	+⅛	8.45
SEARS ROEBUCK EURO 9 3/4 95	500	106½	+⅛	7.50
SNCF 7 1/4 94	175	104	+⅛	5.14
SNCF 9 1/2 98	150	112		7.12
STATE BK NSW 8 1/2 96	200	105½	-⅛	6.94
STATOIL 7 5/8 94	200	102¾		6.12
[illegible]				

DEUTSCHE MARK STRAIGHTS	Issued	Bid price	Chg on week	Yield
BAPROVEN 11 1/8 95	200	100¼	+⅛	11.00
BK ECON USSR 7 96	750	69¾	+3⅛	17.91
BULGARIAN TRADE BK 8 1/2 96	200	82½	+⅛	13.92
CZECH OBCHODNI BANKA 10 95	350	95	+⅛	11.38
DEUTSCHE FINANCE 7 1/2 95	1000	98	+1	8.27
EIB 5 3/4 98	400	89½	+1⅛	7.89
EIB 6 7/8 95	300	96¼	+⅛	8.03
EUROFIMA 6 1/4 98	400	91½	+1⅛	8.04
FIRST INTERSTATE 5 3/4 96	100	85¾	+⅛	10.15
IND BK JAPAN FIN 5 5/8 96	200	89½	-⅛	8.64
IND DEV BK INDIA 6 3/8 96	200	87¾	-1½	11.62
LUFTHANSA INT FIN 5 7/8 98	500	87¾	+⅛	8.46
NACIONAL FINANCIERA 11 95	150	101¾		10.55
NAT BK HUNGARY 8 96	200	90¾	+⅛	10.49
QUEBEC HYDRO 6 3/4 99	300	90¼	+⅛	8.56
SWEDEN 6 1/8 98	300	91	+1⅛	8.02
WORLD BANK 0 15	2000	19¾	+⅛	6.98
WORLD BANK 5 3/4 96	300	92½	+⅛	7.92
WORLD BANK 7 1/8 95	500	98¾	+1⅛	7.80

SWISS FRANC STRAIGHTS	Issued	Bid price	Chg on week	Yield
ASIAN DEV BANK 6 10	100	[illegible]	[illegible]	[illegible]
AUSTRIA 4 5/8 98	100	[illegible]	[illegible]	[illegible]
CHUBU ELEC POWER 6 3/4 01	300	[illegible]	[illegible]	[illegible]
COUNCIL EUROPE 4 3/4 98	250	[illegible]	[illegible]	[illegible]
EEC 5 1/2 00	100	[illegible]	[illegible]	[illegible]
EIB 6 1/2 98	600	[illegible]	[illegible]	[illegible]
ELEC DE FRANCE 7 1/4 06	100	[illegible]	[illegible]	[illegible]
FINLAND 5 3/8 95	150	[illegible]	[illegible]	[illegible]
GENERAL MOTORS 7 1/2 95	100	[illegible]	[illegible]	[illegible]
JAPAN DEV BK 5 1/2 94	100	[illegible]	[illegible]	[illegible]
KOBE 6 3/8 01	240	[illegible]	[illegible]	[illegible]
NEW ZEALAND 4 7/8 99	200	[illegible]	[illegible]	[illegible]
[illegible]				

EQUITY WARRANTS: [illegible]

STRAIGHT BONDS: Yield to redemption of the bid-price. Amount issued is expressed in millions of currency units.
FLOATING RATE NOTES: US dollars unless indicated. Margin above six-month offered rate for US dollars. C.cpn = current coupon.
CONVERTIBLE BONDS: US Dollars unless indicated. Prem = percentage premium of the current effective price of buying shares via the bond over the most recent share price.
WARRANTS: Equity warrant prem = exercise premium over current share price. Bond warrant ex yld = exercise yield at current warrant price.

Closing prices on January 10

INTERNATIONAL CAPITAL MARKETS

SYNDICATED LOANS

Lasmo plans to raise £200m in three-year revolving credit deal

LASMO, the UK oil exploration group, last week joined the long list of oil and gas sector companies seeking financing in the syndicated loans market.

Barclays won the mandate for Lasmo's £200m three-year revolving credit and Lasmo's close relationship banks have been approached to syndicate the deal, which is paying a margin of 80 basis points over the London interbank offered rate (Libor). There is a commitment fee of 30 basis points, and the front-end fees are 12.5 basis points for lead managers with £25m or more, and 9 basis points for managers with £15m and above.

Lasmo successfully bid £1.1bn for the oil and gas group Ultramar recently, and the acquisition will transform it into one of the biggest oil exploration groups in the world. Bankers associated with the £200m revolving credit said the funds were "for general corporate purposes" and not specifically related to the take-over.

Meanwhile, Mobil Exploration Norway's $300m loan was launched in syndication last week.

Citicorp and NatWest are joint arrangers for the three-year revolving credit facility. The margin is 40 basis points over Libor and the commitment fee is 20 basis points. The front-end fees are 15 basis points for $30m and 10 basis points for $20m.

Bankers point out that a number of oil and energy groups were considering launching syndicated loans when oil prices were more buoyant than at present. Oil prices are usually fairly buoyant in the winter, but have dropped $5 since October to under $18 a barrel.

Bankers are expecting Elf to launch a syndicated loan at some stage over the next few weeks. The loan is for "at least £350m", according to one banker, and is expected to finance a North Sea project.

In addition, the £676m deal for Thames Power's financing of the Barking power station is due to be launched in the syndicated loans market soon. The three lead managers are NatWest, Swiss Bank Corporation, and Bank of Montreal, and the margin is understood to be between 115 and 120 basis points over Libor.

The 18-year financing is for the construction of a gas-fired power station. Construction is due to start in July 1992, and commercial operations in 1995.

Among those energy deals already in syndication are Neste, the Finnish state-owned oil and chemicals group, which recently announced a $400m 10-year project finance facility, and Aran Energy, which launched a $225m facility.

● Birmingham Midshires Building Society last week announced a £100m medium-term revolving credit facility. The deal is being jointly arranged by J.P. Morgan and Union Bank of Switzerland and is intended to replace those medium-term standby facilities which fall due this year.

The four-year facility is paying a margin of 35 basis points over Libor and a commitment fee of 17.5 basis points.

Sara Webb

EUROMARKET TURNOVER ($m)

	Primary Market US $	Primary Market Non-$	Secondary Market US $	Secondary Market Non-$
Fixed income bonds				
Euros straight	99.9	2,598.6	13,341.8	26,703.1
Other straight	0.0	461.5	515.6	50,717.0
Convertible	0.0	0.0	388.5	371.3
Money market instr				
FRN	40.0	0.0	4,916.2	1,352.1
CD's	77.2	61.1	768.7	289.8
Short & MT Notes	12,717.8	4,677.3	7,596.4	5,877.0
Warrants	0.0	0.0	398.8	126.4
Equities	77.9	0.0	152.2	970.4
Total	12,952.8	7,988.5	28,075.2	86,407.1

	Cedel	Euroclear	Total
US$	17,861.9	23,166.1	41,028.0
Other	28,471.8	65,923.8	94,395.6

Week to January 9, 1992

The Warrants and Equities figures are from Euroclear only

Source ISMA

INTERNATIONAL BONDS

Strong Eurodollar bond market surprises traders

THE STRENGTH of the dollar bond market so far this year has taken many market participants by surprise.

At the end of last year, many analysts were pointing to a shift in asset allocation from US to European bond markets during 1992. The strong rally in the US Treasury market fuelled by a one point discount rate cut to 3½ per cent has delayed this, and many European investors returned to their desks after Christmas to find they had missed a two point rally in bond prices.

In spite of a setback to the US bond market at the end of last week, few market participants believe the recent surge of demand for Eurodollar bonds has been quashed. The sell-off may be welcomed as a buying opportunity by some investors.

Pent-up demand for dollar securities has been exacerbated by the lack of current coupon paper: that is, most Eurobonds and US Treasuries are trading substantially above par value, as a result of the price rally. Many investors do not like to pay premium prices, which represent a built-in capital loss – since the bonds will ultimately be redeemed at par.

This partly accounts for the strong performance of Eurobond spreads relative to US Treasuries. The Eurobond market has defied the conventional wisdom that yield spreads widen in a rallying market.

Spreads of top quality Eurobonds are tighter than ever before. The World Bank's $1.5bn 10-year global offering, launched last week at a spread of 15 basis points above the comparable US Treasury, quickly tightened to a margin of six basis points. In the past, Eurobonds have traded at yields close to, or even below, US Treasuries usually because of demand from retail investors, who do not generally assess value in spread terms, or due to technical reasons, such as tax advantages.

Investors will accept much smaller margins as they expect rates to fall further and because the dollar is now widely seen to be bottoming out. Japanese investors in particular like to buy dollar securities when the dollar is weak, positioning themselves for currency gains.

Some dealers argue it is logical for spreads to contract now that yields are at such low levels, since the spread represents a correspondingly larger proportion of the total yield.

Demand has been exaggerated by the readiness of traders to take on inventory, partly because banks and securities houses share investors' optimistic views, but also because the positive yield curve in the dollar bond market allows them to hold bonds cheaply.

They are able to fund positions in bonds, which pay interest of about 7 per cent, by borrowing at overnight rates of, say, 3¾ per cent. (The shape of the yield curve is also encouraging investors to shift out of money markets and into bonds.)

But in the heat of their enthusiasm for winning dollar business, underwriters may be pushing spreads too hard. Demand remains selective, concentrated among top quality borrowers, and some corporate deals are faring less well. Five-year deals for BOC Group and Abbey National Treasury Services launched last week both widened from their launch spreads.

The deal which set the market trembling was a $500m 10-year offering for Crédit Local launched on Friday and due to be priced today. The indicated launch spread for the transaction is 28 basis points above the comparable US Treasury market.

The pricing reflects lead manager Deutsche Bank's positive view on the market. Most dealers felt the issue would rely on attracting demand through a further improvement not only in prices, which is generally expected, but also in spread performance, which seems less sure.

Some traders believe there is room for spreads to tighten further, predicting that the World Bank's global offering and the European Investment Bank's recent deal will soon be trading at the same yield as, or below, the comparable US Treasury market.

There is certainly room for hope that the Eurobond market will outperform the US corporate bond market.

Last week, the Eurodollar bond market absorbed a hefty $4bn of fresh supply. But the US corporate bond market has been deluged with record levels of supply, with a massive $12.4bn last week, and $7.75bn the previous week.

But if lack of supply has been a significant factor in the tightening of margins, spreads may have only one way to go: out.

Tracy Corrigan

NEW INTERNATIONAL BOND ISSUES

Borrowers	Amount m.	Maturity	Av. life years	Coupon %	Price	Book runner	Offer yield %
US DOLLARS							
Province of Ontario†	1bn	1999	7	7	99.287	Merrill Lynch	7.133
Toyota Motor Credit Corp†	250	1997	5	6½	101.575	JP Morgan Secs.	6.125
Phillip Morris Cap.Corp†	200	1997	5	6¾	101.525	CSFB	6.384
BOC Group Inc.†	150	1997	5	7	99.865	CSFB	7.033
CIA Hering(l)★★†	50	1994	2	10	94.8613	ABN Amro	13.423
World Bank(p)†	1.5bn	2002	10	6¾	99.071	DBCM/Merrill Lynch	6.882
Forte†	200	1994	2	5⅞	100.805	Goldman Sachs	4.942
Nestle Hldgs.Inc.†	200	1997	5	6⅛	101.025	SBC	5.882
Daiwa Int.Fin.(Cayman)(q)†	100	2006	14	7⅞	100	Daiwa Bk Cap.Man.	7.872
Abbey Nat.Tres.Services†	200	1995	3	5⅝	101⅛	UBS Phillips & Drew	5.210
ANZ Bkng.Group(r)‡†	150	1995	3	(r)	100	UBS Phillips & Drew	-
DSP Finance Int.(s)‡†	10	1999	7	(s)	100.10	Towa Int.	-
STERLING							
Bristol & West Bldg.Soc.(b)‡†	150	1996	4	(b)	100	JP Morgan Secs.	-
Bayerische Hypotheken†	125	1997	5	10¼	100.475	Lehman Brothers	10.124
Bradford & Bingley(d)‡†	100	1995	3	(d)	100	CSFB	-
Tesco†	200	2002	10	10⅜	100.86	CSFB	10.234
Southern Electric†	150	2002	10.167	10¼	100.84	CSFB	10.103
Leeds Permanent Bldg.Soc.†	100	1994	2	10½	101.178	Natwest Capital Mkts.	9.823
ECUs							
IBM Int.Finance†	200	1995	3	8⅞	101.2375	CSFB	8.391
Swedish Export Credit(a)†	100	1994	2	9¼	101.307	BZW	8.526
Council of Europe(e)†	500	2001	9.833	9	103	Goldman Sachs	8.528
Bco.d'Roma (London)(f)‡†	200	1997	5¼	(f)	100	Merrill Lynch	-
Gen.Elec.Capital Corp†	150	1994	2	9	100.80	IBJ Int.	8.548
Republic of Finland†	750	2007	15	8½	98.45	UBS Phillips & Drew	8.689
SNCF†	400	2007	15	8⅜	99.04	CCF	8.491
Rabobank†	100	1993	1	10	101	Paribas Capital Mkts.	8.912
CANADIAN DOLLARS							
Credit Local de France†	500	1997	5.833	7¾	101	Paribas Capital Mkts.	7.523
SBAB†	200	1997	5.833	8	101.45	Paribas Capital Mkts.	7.673
Eksportfinans†	150	1997	5¾	7¾	100.95	ScotiaMcLeod	7.529
KBL Int.Fin†	75	1995	3	8	101.825	KBL	7.301
FRENCH FRANCS							
Credit Foncier d'France(g)†	500	2000	8	zero	100	Banque Paribas	-
Credit Local de France(k)†	550	2000	8	zero	100	CDC	-
Rhone-Poulenc(l)†	300	1996	4¼	zero	100	Bankers Trust France	-
Compagnie Bancaire†	1bn	1996	4	9¼	99.68	Paribas Capital Mkts.	9.350
D-MARKS							
Deutsche Fin.N'lands.(c)†	400	2002	10	8	101¾	Deutsche Bank	7.742
Republic of Austria(h)#†	500	2002	10	8	100½	Commerzbank	7.926
Fiat Finance & Trade†	200	1997	5	8¾	101.70	Deutsche Bank	8.321
Showa Aluminium Corp♦	130	1996	4	5⅛	100	Nomura Bk GmbH	5.125
Snow Brand Milk Prods.♦	200	1996	4	5⅛	100	Commerzbank	5.125
E'paeische.Hypothekenbk.†	100	1997	5	8½	101¼	Frankfurter Hypo'bk.	8.185
European Investment Bk(n)†	500	2002	10	8	101⅞	Commerzbank	7.724
Gen.Elec.Capital Corp†	250	1997	5	8¼	102.30	JP Morgan GmbH	7.679
SWISS FRANCS							
Guinness Finance BV†	150	1997	-	7	101¾	SBC	6.578
BP America Inc.†	150	1999	-	7	102	Credit Suisse	6.634
Rabobank★★†	100	1997	-	7	101¾	Bque.Paribas (Suisse)	6.578
Skandia Capital†	100	1997	-	7	101¾	UBS	6.578
Sho-Bond Corp(m)★★♦	80	1996	-	4½	100	Yamaichi Bk (Switz)	4.500
Copen'gen County Auth.★★†	70	1997	-	7	102	Credit Suisse	6.518
Nestle Hldgs.Inc.(o)†	300	2002	-	6⅝	102	Credit Suisse	6.472
R.Prov.Alpes C.D'Azur★★†	75	1999	-	7	102¼	Credit Suisse	6.588
Bank Austria†	150	2002	-	6¾	102½	UBS	6.404
LIRE							
Gen.Elec.Capital Corp†	175bn	1995	3	11½	101.175	Paribas Capital Mkts.	11.019
GUILDERS							
Caisse Nat.d'Credit Agric.†	200	1997	5	8¾	100.60	Rabobank	8.597
Nationale Nederlanden†	200	1997	5	8¾	101	NMB Postbank	8.496
Aegon NV†	500	1997	5	8¾	101.10	ABN Amro	8.471
Nationale Invest'bk†	150	1997	5	8¾	100.90	Rabobank Nederland	8.521
SWEDISH KRONOR							
Euro.Bk for Recons.& Devt†	300	1997	5	10¼	101.60	Svenska Handelsbken.	9.830
LUXEMBOURG FRANCS							
Commerzbank Int.(i)†	2bn	2002	10	9	102.40	Banque UCL	8.632
Okobank†	800	1999	7	9⅛	102.15	KBL	8.702
Cregem Int.Bank★★†	400	1995	3	9⅜	102	Cregem Int.	8.591
In.Bco.S'Paolo★★†	1bn	2000	8	9	102	BGL	8.643
Cra.Romagnolo (Lux.)★★†	1bn	1998	6.583	9⅛	101.95	Cregem Int.	8.704

★★Private placement. §Convertible. #With equity warrants. ‡Floating rate notes. ♦Variable rate note. †Final terms. a) Fungible with existing Ecu400m deal. Non-callable. b) Coupon pays 25bp over 3-month Libor. Non-callable. c) Subordinated issue. Non-callable. d) Coupon pays 25bp over 3-month Libor. Non-callable. e) Fungible with existing Ecu500m deal. Non-callable. f) Coupon pays 25bp over 6-month Libor. Non-callable. g) Redemption linked to CAC-40 index. Minimum redemption = par. h) Callable at par 1994, 1995 and 1996. 5m warrants issued at 3.35 marks, allows the purchase of 5,000 marks of bond at 100¼%. i) Issued on fiduciary basis for Commerzbank AG. Non-callable. j) Coupon payable semi-annually. Non-callable. k) Redemption linked to CAC-40 Blue Chip equity index. l) Redemption linked to performance of Rhone-Poulenc's "Preferred Investment Certificates" (CIP). m) Callable 23/1/94 at 101% declining ¼% semi-annually. n) Callable at par after 8 years. o) Minimum share maintenance clause from Nestle SA. Non-callable. p) Global issue. Non-callable. q) Callable on or after 20/12/2001 at par. r) Coupon pays 25bp over 6-month Libor. Non-callable. s) Coupon pays 6-month Libor + 70bp. Non-callable. Note: Yields are calculated on ISMA basis.

WORLD STOCK MARKETS

AUSTRIA

January 10	Sch	+ or −
Austrian Airlines	2,490	+40
Creditanstalt Pf	429	+8
EA General	3,030	+80
EVN	799	+19
Jungbunzlauer	9,900	....
OeMv	999	+12
Perlmooser Zement	1,470	+50
Radex Heraklith	411	+13
Reininghaus Brue	1,600	+50
Steyr Daimler	237	+4
Veitscher Magnesit	280	+9
Verbund (Br) A	499	....
Wienerberger	4,400	+80
Z-Laenderbank	1,010	....

BELGIUM/LUXEMBOURG

January 10	Frs.	+ or −
ACEC-Union Min	2,185	+90
AG Group	1,910	+40
Arbed	3,360	−10
BBL	3,300	+50
Bank Intl a Lux	11,800	....
Banq Gen Lux Pts	12,000	....
Barco	1,020	....
Bekaert	9,500	+10
CBR Ciment	7,200	+50
Cobepa	4,860	+25
Cobepa AFV 1	4,800	+20
Cockerill Priv	146	+2
Colruyt	5,060	+160
Delhaize Frs Lion	8,730	+40
Electrabel	4,865	+25
Electrabel AFV	4,820	+20
Electrafina ACT	2,715	−5
GBL	3,185	+10
GBL AFV 1	3,190	+30
GIB Group	1,210	−2
GIB Group AFV	1,176	+4
Gechem	329	+6
Gechem AFV	315	−23
Generale Banque	6,120	+120
Gen Banque AFV1	6,100	+140
Gevaert	6,460	−40
Kredietbank	4,355	+60
Kredietbk AFV	4,330	+30
Pan Holding Lux	13,200	+150
Petrofina	10,725	....
Powerfin	2,530	−5
Powerfin AFV	2,525	....
Royale Belge	3,725	+75
Royale Belge AFV 1	3,585	−25
Soc Gen Belge	1,820	+30
Soc Gen Belge AFV	1,775	−25
Sofina	11,050	....
Solvay	11,550	−100
Tessenderlo	5,740	+120
Tessenderlo AFV	5,300	+10
Tractebel	7,870	+100
Tractebel AFV 1	7,730	+80
UCB	19,500	−50
UCB AFV	19,100	....

DENMARK

January 10	Kr	+ or −
Baltica Holding Reg	746	....
Bikuben	299	−1
Carlsberg A	1,930	+10
D/S 1912 A	102,800	+3,300
Danisco	880	+2
Den Danske Bank	320	+3
East Asiatic	169	+2
FLS Ind B	674	+10
Great Nordic	362	+1
Hafnia Hldgs A	541	−19
Hafnia Hldgs B	398	−1
ISS Intl Serv B	824	+3
Jyske Bank Reg	348	−7
Lauritzen (J) B	1,750	+10
NKT A/S	371	+1
Novo Nord B	561	+7
Sophus Berend B	1,850	+30
Superfos	5,290	+20
TopDanmark	860	−4
Unidanmark A	217	+5

FINLAND

January 10	Mka	+ or −
Amer	66	−3
Cultor	49	+4
Enso R	17	....
Huhtamaki I Free	107	+2
KOP	18	....
Kone B Free	388	+16
Kymmene	74	+1.50
Metra B Free	56	+3
Nokia Pref Free	55	+2
Pohjola B Free	62	+2.50
Repola (Free)	43.50	....
Stockmann B	115	−5
Tampella Free	10.50	....
Unitas Bk C Free	15.20	−0.30

FRANCE

January 10	Frs.	+ or −
AGF	475	+15
Accor	699	+10
Air Liquide	698	+4
Alcatel Alsthom	568	+7
Arjomari Prioux	1,900	+10
Auxil Entrepr	970	−30
Axa	860	−20
BIC	607	−17
BSN	1,089	−1
BNP Cert Inv	350	....
Bancaire Cie	488.60	+1.60
Beghin-Say	600	+14

FRANCE (continued)

January 10	Frs.	+ or −
Beghin-Say Cert Inv	470	....
Bongrain	2,620	+70
Bouygues	557	+1
CGIP	1,038	+40
CM B Packaging	174	+1.50
Canal+	1,008	−4
Cap Gemini S	299	+3.10
Carrefour	2,400	−17
Casino	149	+7
Cetelem	693	+19
Chargeurs	1,013	+14
Club Mediterranee	465	+20
Cogifi	339	+1
Coparex	600	....
CCF	170	+1.20
Cr Fonc France	1,022	+2
Cred Lyon (CI)	530	+11
Credit Nationale	1,019	+4
Damart	2,495	+30
Docks de France	365	....
Dollfus Mieg Cie	297.50	+13
EBF	745	+6
Eaux Cie Genl	2,210	+60
Ecco	387	+8
Elf-Aquitaine	355.90	−8.60
Elf-Aquitaine Certs	237	+1.80
Essilor Int	319.90	+6.90
Etex	1,701	+1
Eurafrance	1,350	+20
Eurocom	585	+6
Euro Disney	148.50	+0.70
Exor	1,320	....
Finextel	125.50	+0.50
Fonc Lyonnaise	610	−1
From C et Auv	2,556	+121
GTM-Entrepose	327.10	+5.10
Gal. Lafayette	1,325	−105
Gaumont (Soc N)	665	+25
Geophysique	469	+8
Hachette	138	−2.50
Havas	459	−2
Imetal	260	−10
Imm de France	785	+8
Immobanque	715	....
Immob Phenix	160.10	+0.10
Industrielle	5,650xd	....
Interbail	444	−3
Intertechnique	700	+10
LVMH	4,391	+91
Lafarge Coppee	341.10	+1.10
L'Oreal	767	−8
Legrand	3,850	−30
Legris	445	+8
Lyon Eaux Dumez	443	−6.50
Matra	174	+0.50
Merlin-Gerin	516	−8
Michelin B	144.60	−2.90
Moulinex	166	+1
Navigation Mixte	1,265	+30
Nord Est	99.30	−0.20
Orsan	200	+18
Paribas	345	−14.80
Paris Reescompte	250	+3
Pernod Ricard	1,374	−18
Perrier	1,293	+8
Peugeot	666	+9
Pinault	300.10	+5.10
Poliet	455	+15
Printemps (Au)	816	....
Promodes	2,870	−30
Radiotechn	452	+2
Redoute	5,050	+180
Rhone Poulenc Cts	532	+17
Roussel-Uclaf	1,820	−20
SILIC	578	+9
Sagem	1,640	+20
Saint Gobain	479.50	+11.70
Saint Louis	1,320	+10
Sanofi	1,124	+44
Schneider	638	+30
Seb SA	1,805	+50
Sefimeg	490	+5
Simco	500	....
Skis Rossignol	820	+5
Soc Generale de Fr	488	+6
Sommer-Allibert	1,286	+21
Spie Batignolles	339	−5.80
Suez (Fin de)	301.50	−2.50
Taittinger	2,850	−60
Thomson C S F	153.80	+1.20
Total B	1,021	+2
UAP	537	−3
UFB Locabail	270	+23
Unibail	574	+6
Union Immob Fr	487	−5
Valeo	609	−6
Vallourec	254	+0.90
Worms Cie	322.90	−1.80

GERMANY

January 10	Dm.	+ or −
AEG	203	−0.10
AG Ind & Verk	660	+1
Aachen Mch (Reg)	790	+5
Allianz AG	2,137	+22
Altana Ind	602	+23
Asko	640	+13
Asko Prf	630	+15
BASF	229.40	+5.10
Badenwerk	259	+9
Bayer	288.10	+3.20
Bayer-Hypo	394	+2
BMW (Br)	500.50	+10
Bayer Vereinsbk	415	+8
Beiersdorf	800	+10
Berliner Bank	242	+1.80
Berliner Kraft	117.50	+1.50
BHF Bank	416	+3.50
Bilfing Berg	910	+10.10
Colonia Knzn	910	+20
Colonia Konzern Pf	525	+10
Commerzbank	257.80	+4.60

GERMANY (continued)

[illegible]

ITALY

[illegible]

NETHERLANDS

[illegible]

NORWAY

[illegible]

SPAIN

[illegible]

SWEDEN

[illegible]

SWEDEN (continued)

[illegible]

SWITZERLAND

[illegible]

SOUTH AFRICA

[illegible]

JAPAN

[illegible]

AUSTRALIA

[illegible]

HONG KONG

[illegible]

MALAYSIA

[illegible]

SINGAPORE

[illegible]

CANADA

TORONTO

4:00 pm prices January 10

[illegible]

MONTREAL

4:00 pm prices January 10

[illegible]

INDICES

NEW YORK

[illegible]

STANDARD AND POOR'S

[illegible]

NEW YORK ACTIVE STOCKS

[illegible]

TRADING ACTIVITY

[illegible]

CANADA

[illegible]

TOKYO - Most Active Stocks

Fruday, 10 January 1992

	Stocks Traded	Closing Prices	Change on day		Stocks Traded	Closing Prices	Change on day
Nippon Piston	5.4m	763	-3	Nippon Mining	3.0m	492	-30
Nippon Steel	3.8m	360	-10	Hohnen	2.8m	940	+20
Penta-Ocean	3.7m	1,000	-60	Clarion	2.3m	905	-25
Toyo Ink	3.7m	894	-17	Osaka Gas	2.3m	502	-14
[illegible]	3.5m	777	-9	Mitsubishi Heavy	2.2m	692	-5

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AUTHORISED UNIT TRUSTS

[illegible]

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The maximum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often set above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (♥) - 0001 to 1100 hours; (♣) - 1101 to 1400 hours; (♦) - 1401 to 1700 hours; (♠) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point; a short period of time may elapse before prices become available.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation,
Centre Point,
103 New Oxford Street, London WC1A 1QH
Tel: 071 – 379 – 0444.

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Unit Name	Init Chrge	Canc. Price	Bid Price	Offer Price	Yield Gr's	City-line
Sovereign Unit Tst Mngrs Ltd (1000)F						
12 Christchurch Rd, Bournemouth 0202 298422						
Cash	1	50.20	50.20xd	50.70	10.6	45296
Cntrlld Primance	5½	48.66	48.94	52.21	9.37	46075
Ethical	5½	46.45	47.42	50.45	5.04	46949
European Growth	5½	46.38	46.57	49.67	3.1	46171
Income	5½	44.48	45.00	48.00	8.24	41394
Intl Growth	5½	63.71	63.80	68.05	3.27	41395
Managed	5½	56.58	56.92	60.71	4.61	41396
UK Growth	5½	48.70	49.27	52.55	5.98	41397
Standard Chartered Equitor (1200)F						
69 Old Broad Street, EC2M 1QS 071-280 6521						
Mngd Exempt Acc	3	190.1	192.2xd	200.2	3.13	41399
Do Income	3	177.9	179.9xd	187.3	3.13	41321
Standard Life Tst Mgmt Ltd (0629)H						
3 George St, Edinburgh EH2 2XZ 0800 393777						
Managed Acc	5¼	35.25	35.25	37.46	2.60	41398
UK Equity Gth Acc	5¼	47.27	48.19	51.21	2.20	41399
UK Eq High Inc Inc	5¼	27.86	28.56	30.35	6.83	41400
UK Eq High Inc Acc	5¼	31.32	32.11	34.12	6.83	46462
UK Equity Gen Acc	5¼	44.85	45.60	48.46	3.60	41401
UK Equity Gen Inc	5¼	35.10	35.68	37.92	3.60	41402
UK Larger Cos Acc F	7½	293.9	297.9	323.3	4.85	41403
UK Larger Cos Inc F	7½	236.6	239.9	260.3	4.85	41404
Gilt & Fxd Int Inc	5¼	28.09	28.17	29.79	7.69	41405
O'seas Larg Cos Acc F	7½	210.7	214.8	233.1	2.09	41406
Nth American Acc	5¼	35.86	36.05	38.31	0.60	41407
Far East Acc F	5¼	39.45	40.45	42.98	—	41408
European Acc	5¼	33.66	35.38	37.60	1.69	41409
Stewart Ivory Unit Tst Mgrs Ltd (1200)H						
45 Charlotte Sq, Edinburgh 031-226 3271						
American ♥	5	298.5	298.5	318.4	0.73	41410
(Accum Units) ♥	5	351.3	351.3	374.8	0.73	41411
British	5	780.5	793.5	839.5	6.18	41416
(Accum Units)	5	1282.4	1303.7	1379.3	6.18	41417
European	5	316.9	316.9	337.5	1.49	41418

INSURANCES

OTHER UK UNIT TRUSTS

Continued on next page

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	Bid Price	Offer Price	Yield Gross	City-line
N & P Life Assurance Ltd				
6-7 Bedford Row, London, WC1R 4LJ 071-430 2348				
Life Managed Fd.	107.7	113.4	–	41924
Pension Managed Fd.	105.9	111.5	–	41926
Life Deposit Fd.	111.8	117.7	–	41923
Pension Deposit Fd.	119.0	125.2	–	41925

For National Fin see Target Life

	Bid Price	Offer Price	Yield Gross	City-line
Providence Capital Life Asse. Co Ltd				
2 Barclay Way, Hook, Hants RG27 9XA 0256 768888				
UK Equity Acc.	214.5	226.3	–	43411
UK Fixed Int Acc.	196.8	207.6	–	43412
Intl Equities Acc.	173.6	183.2	–	43413
UK Managed Acc.	169.8	179.1	–	43414
Property Acc.	224.7	237.1	–	43415
Money Acc.	134.9	142.4	–	43416
Special Market Acc.	151.2	159.5	–	43417
Japan Equity Acc.	93.8	99.0	–	46760
North American Acc.	107.3	113.2	–	43419
Pacific Acc.	91.5	96.6	–	43420
Technology Acc.	135.9	143.4	–	43421
Nat Resources Acc.	56.5	59.6	–	43422
European Acc.	99.6	105.1	–	43424
Residential Prop Acc.	85.0	89.7	–	43425
Swiss Equities Acc.	33.4	35.3	–	43426
Hong Kong Acc.	69.3	73.2	–	43427
UK High Inc Eq Acc.	68.6	72.4	–	43428
Int. Fixed Interest Acc.	61.7	65.1	–	46406
Int. Managed Acc.	56.5	59.5	–	46407
HIP Managed Acc.	115.3	121.6	–	46791
HIP Managed II Acc.	101.9	107.4	–	41928
HIP Managed III Acc.	110.3	116.3	–	45881
Total Investment Bond				
UK Equity Initial		148.3	–	43429
UK Fixed Int Initial		133.4	–	43430
Intl Equities Initial		116.9	–	43431
UK Managed Initial		115.2	–	43432
Property Initial		153.5	–	43433
Money Initial		92.0	–	43434
Special Market Initial		116.9	–	43435
Japan Equity Initial		72.6	–	46762
North American Initial		82.9	–	43437
Pacific Initial		70.8	–	43438
Technology Initial		105.1	–	43439
Nat Resources Initial		43.7	–	43440
European Initial		88.9	–	43442
Residential Prop Init.		80.8	–	43443
Swiss Equities Initial		31.8	–	43444
Hong Kong Initial		65.9	–	43445
UK High Inc Eq Init.		65.2	–	43446

National Mutual Life

National Provident Institution

Knight Williams & Company Ltd—Contd.

	Bid Price	Offer Price	Yield Gross	City-line
KW Prolific (old)	104.7	110.3	–	44304
KW Prolific (new)	101.2	106.6	–	47242
KW Prolific (cap)	87.7	92.4	–	47243
KW Global Inc & Gth Cap.	110.2	116.0	–	44513
KW Offshore Portfolio	84.3		–	41842

Macartney & Dowie Invest Mngt Plc

49 Castle Green Rd, Brentwood, Essex 0277 374036

	Bid Price	Offer Price	Yield Gross	City-line
Mngd Fund (SR)	127.2	133.8	–	41212
Mngd Portfolio (RH)	127.8	134.6	–	41211

Lion World Fixed Income Fund

Albert Hse, 5th Esplanade, St Peter Port 0481 713996

Lloyds Intl Money Market Fund Ltd

Sarnia Hse, Le Truchot, St. Peter Port, Gsy 0481 724983

Lloyds Bank Fund Managers (Guernsey) Ltd

OFFSHORE INSURANCES

MANAGEMENT SERVICES

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

CANADA (SIB RECOGNISED)

GUERNSEY (SIB RECOGNISED)

GUERNSEY (REGULATED)(**)

IRELAND (SIB RECOGNISED)

IRELAND (REGULATED)(**)

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ISLE OF MAN (SIB RECOGNISED)

ISLE OF MAN (REGULATED)(**)

JERSEY (SIB RECOGNISED)

JERSEY (REGULATED)(**)

LUXEMBOURG (SIB RECOGNISED)

LUXEMBOURG (REGULATED)(**)

SWITZERLAND (SIB RECOGNISED)

OTHER OFFSHORE FUNDS

CURRENCIES, MONEY AND CAPITAL MARKETS

MONEY MARKETS

Focus on sterling

There was little sign of the pressure on sterling within the European monetary system abating last week and currency analysts are not expecting any relief this week, *writes Simon London.*

Having opened on Monday morning at DM2.8550, the UK currency declined inexorably to a low of DM2.83 on Thursday night. On Friday, sterling closed higher at DM2.84 but was soon dragged back to DM2.8350 in New York trading.

Significantly, the weakness of sterling took place both when the dollar was falling and surging later in the week. Analysts noted that a rally in the dollar is no longer sure to benefit the pound against other European currencies.

The woes of the UK currency could potentially increase with the release this week of the first serious UK economic statistics of 1992. On Tuesday, producer price inflation figures for December are due, followed by unemployment figures on Thursday and retail price inflation on Friday.

A nasty surprise from any one of these figures could potentially deepen the gloom for the UK economy, government and currency.

On a more optimistic view, bad news is already factored into sterling's price. Figures brighter than expected could relieve some of the pressure.

In addition, there were signs on Friday that the D-Mark was weakening following calls for lower rates from distinguished German economists.

This week, retail sales and inflation figures will be released in Germany. These could be crucial in determining the future of sterling, potentially more than the UK economic statistics, by giving a pointer to how long German interest rates must remain at current high levels – in conflict with the economic cycle in most of the rest of Europe.

UK clearing bank base lending rate
10.5 per cent
from September 4, 1991

£ IN NEW YORK

Jan.10	Close	Previous Close
£ Spot	1.7880-1.7890	1.8155-1.8165
1 month	1.02-1.00pm	1.02-1.01pm
3 months	2.91-2.87pm	2.93-2.91pm
12 months	10.35-10.20p	10.55-10.45p

Forward premiums and discounts apply to the US dollar

STERLING INDEX

		Jan.10	Previous
8.30	am	90.7	91.2
9.00	am	90.7	91.2
10.00	am	90.7	91.2
11.00	am	90.6	91.2
Noon		90.6	91.2
1.00	pm	90.6	91.1
2.00	pm	90.5	91.1
3.00	pm	90.3	91.1
4.00	pm	90.4	91.0

OTHER CURRENCIES

Jan.10	£	$
Argentina	1.7820 - 1.7870	0.9900 - 0.9910
Australia	2.4495 - 2.4525	1.3590 - 1.3600
Brazil	2043.15 - 2044.65	1133.20 - 1133.40
Finland	7.6990 - 7.7235	4.2725 - 4.2825
Greece	324.400 - 329.600	177.700 - 180.550
Hong Kong	13.9845 - 14.0015	7.7590 - 7.7610
Iran	2666.00*	1420.00*
Korea(Sth)	1375.70 - 1397.90	758.10 - 767.10
Kuwait	0.51685 - 0.51800	0.28650 - 0.28700
Luxembourg	57.90 - 58.00	32.25 - 32.35
Malaysia	4.8890 - 4.8990	2.7155 - 2.7175
Mexico	5535.20 - 5547.30	3065.50 - 3066.50
N.Zealand	3.5265 - 3.5310	1.8415 - 1.8440
Saudi Ar.	6.9365 - 7.8130	3.7495 - 3.7505
Singapore	2.9475 - 2.9555	1.6345 - 1.6365
S.Af (Cm)	5.0375 - 5.0595	2.7850 - 2.7900
S.Af (Fn)	5.7165 - 5.8090	3.1645 - 3.2155
Taiwan	46.40 - 46.50	25.70 - 25.75
U.A.E.	6.7925 - 6.8695	3.6715 - 3.6735

*Floating rate. Official rate. £-119.20 $-64.00

CURRENCY MOVEMENTS

Jan 10	Bank of England Index	Morgan** Guaranty Changes %
Sterling	90.4	-21.1
U.S Dollar	62.2	-17.8
Canadian Dollar	102.9	+1.5
Austrian Schilling	110.5	+12.6
Belgian Franc	112.4	-1.2
Danish Krone	109.6	+3.7
D-Mark	119.6	+26.3
Swiss Franc	109.1	+17.3
Dutch Guilder	115.3	+17.1
French Franc	103.8	-12.3
Lira	99.2	-19.6
Yen	141.9	+78.6

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (Base Average 1985=100). **Rates are for Jan.9

CURRENCY RATES

Jan 10	Bank § rate %	Special * Drawing Rights	European † Currency Unit
Sterling	–	0.767686	0.717582
U.S Dollar	3.50	1.42828	1.30578
Canadian $	7.33	1.64095	1.50557
Austrian Sch	7.50	15.3334	14.3336
Belgian Franc	8.50	44.8587	41.9451
Danish Krone	9.50	8.46684	7.91044
D-Mark	8.00	2.18027	2.03676
Dutch Guilder	8.50	2.45250	2.29387
French Franc	10¼	7.44949	6.95200
Italian Lira	12	1649.98	1538.54
Japanese Yen	4.50	177.678	164.163
Norway Krone	8	8.57954	8.01635
Spanish Peseta	–	138.836	129.680
Swedish Krona	10.00	N/A	7.42730
Swiss Franc	7.00	1.94317	1.81635
Greek Drach	19	251.649	234.741
Irish Punt	–	0.819814	0.765228

§ Bank rate refers to central bank discount rates. These are not quoted by the UK, Spain and Ireland. † European Commission Calculations. * All SDR rates are for Jan.9

CHICAGO

U.S. TREASURY BONDS (CBT) 8% $100,000 32nds of 100%

	Close	High	Low	Prev.
Mar	104-04	104-27	103-28	104-26
Jun	103-02	103-24	102-26	103-21
Sep	102-01	102-24	101-27	102-20
Dec	101-03	101-23	100-31	101-21
Mar	100-08	100-15	100-06	100-26
Jun	99-15	99-16	99-15	-
Sep	98-23	-	-	99-07
Dec	98-00	-	-	98-15
Mar	97-11	-	-	-
Jun	96-24	-	-	-

U.S. TREASURY BILLS (IMM) $1m points of 100%

	Close	High	Low	Prev.
Mar	96.27	96.34	96.22	96.31
Jun	96.16	96.28	96.08	96.24
Sep	95.91	95.97	95.81	96.05
Dec	95.50	-	95.43	95.65
Mar	95.28	-	95.28	95.48

BRITISH POUND (IMM) $ per £

	Close	High	Low	Prev.
Mar	1.7680	1.8006	1.7630	1.7980
Jun	1.7406	1.7720	1.7240	1.7706
Sep	1.7156	1.7250	1.7130	1.7452

SWISS FRANC (IMM) SFr 125,000 $ per SFr

	Close	High	Low	Prev.
Mar	0.7035	0.7160	0.7017	0.7129
Jun	0.6970	0.7085	0.6945	0.7064
Sep	0.6917	0.6990	0.6905	0.7008

JAPANESE YEN (IMM) Y12.5m $ per Y100

	Close	High	Low	Prev.
Mar	0.7856	0.7938	0.7832	0.7932
Jun	0.7837	0.7917	0.7828	0.7912
Sep	0.7826	0.7880	0.7862	0.7900
Dec	0.7823	0.7880	0.7880	0.7898

DEUTSCHE MARK (IMM) DM125,000 $ per DM

	Close	High	Low	Prev.
Mar	0.6257	0.6357	0.6232	0.6354
Jun	0.6175	0.6275	0.6155	0.6272
Sep	0.6105	0.6178	0.6095	0.6142

THREE-MONTH EURODOLLAR (IMM) $1m points of 100%

	Close	High	Low	Prev.
Mar	95.93	95.98	95.82	95.94
Jun	95.73	95.84	95.59	95.82
Sep	95.45	95.61	95.33	95.60
Dec	94.96	95.11	94.83	95.11
Mar	94.73	94.90	94.61	94.89
Jun	94.30	94.46	94.19	94.46
Sep	93.90	94.06	93.82	94.06
Dec	93.41	93.54	93.32	93.53

STANDARD & POORS 500 INDEX $500 times index

	Close	High	Low	Prev.
Mar	416.25	419.70	414.75	418.95
Jun	417.65	421.10	416.30	420.35
Sep	419.15	422.25	417.50	421.75

PHILADELPHIA SE £/$ OPTIONS £31,250 (cents per £1)

Strike Price	Calls Jan	Calls Feb	Calls Mar	Calls Jun	Puts Jan	Puts Feb	Puts Mar	Puts Jun
1.725	6.25	6.60	6.98	7.60	-	1.17	2.18	4.98
1.750	3.75	4.80	5.25	6.14	-	1.92	3.07	6.22
1.775	1.40	3.26	3.88	4.93	0.04	2.91	4.75	7.64
1.800	0.10	2.24	2.78	3.88	0.85	4.34	7.45	9.24
1.825	-	1.43	1.97	3.02	3.44	6.05	9.28	10.91
1.850	-	0.83	1.33	2.36	5.94	7.99	11.32	12.75
1.875	-	0.45	0.87	1.80	8.29	10.07	13.48	14.70

Previous day's open int: Calls 279,308 Puts 421,129 (All currencies)
Previous day's volume: Calls 42,079 Puts 48,128 (All currencies)

POUND SPOT - FORWARD AGAINST THE POUND

Jan 10	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.7935 - 1.8290	1.7935 - 1.7945	1.00-0.98cpm	6.62	2.89-2.86pm	6.41
Canada	2.0675 - 2.1040	2.0770 - 2.0780	0.57-0.54cpm	3.26	1.82-1.74pm	3.43
Netherlands	3.1925 - 3.2025	3.1925 - 3.2025	¼-⅛cpm	0.94	⅞-⅝pm	0.94
Belgium	57.30 - 58.65	57.90 - 58.00	7-2cpm	0.93	20-14pm	1.17
Denmark	10.9970 - 11.0495	10.9975 - 11.0075	⅞-⅛orepm	0.61	2¼-1⅞pm	0.66
Ireland	1.0575 - 1.0690	1.0676 - 1.0685	0.01pm-0.04pdis	-0.17	0.01-0.11dis	-0.22
Germany	2.8325 - 2.8425	2.8375 - 2.8425	⅜-⅛pfpm	1.32	⅞-⅝pm	1.14
Portugal	245.15 - 248.10	245.20 - 246.20	55-112cdis	-4.08	128-239dis	-2.99
Spain	180.15 - 181.35	180.50 - 180.60	24-29cdis	-1.76	80-91dis	-1.90
Italy	2137.50 - 2148.50	2141.50 - 2142.50	2-4liredis	-1.68	7-8dis	-1.40
Norway	11.0950 - 11.1920	11.0950 - 11.1050	⅛-⅜oredis	-0.27	par-⅜dis	-0.14
France	9.4990 - 9.7010	9.6825 - 9.6925	⅝-⅛cpm	0.54	1⅝-1⅛pm	0.59
Sweden	10.3295 - 10.3700	10.3475 - 10.3575	2¼-2⅝oredis	-2.75	5½-6⅛dis	-2.25
Japan	227.25 - 229.65	227.25 - 228.25	1⅛-⅞ypm	5.27	3-2⅞pm	5.16
Austria	19.97 - 20.01	19.97 - 20.00	1⅜-⅜gropm	0.71	4⅞-3⅞pm	0.85
Switzerland	2.5225 - 2.5355	2.5225 - 2.5325	⅝-⅛cpm	2.67	1⅞-1⅝pm	2.67
Ecu	1.3925 - 1.3980	1.3940 - 1.3950	0.03pm-0.01cdis	0.09	0.13-0.04pm	0.24

Commercial rates taken towards the end of London trading. Six-month forward dollar 5.60-5.55cpm. 12 Month 10.25-10.15pm

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

Jan 10	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.7935 - 1.8290	1.7935 - 1.7945	1.00-0.98cpm	6.62	2.89-2.86pm	6.41
Ireland†	1.6905 - 1.7110	1.6905 - 1.6915	0.94-0.89cpm	6.49	2.67-2.57pm	6.20
Canada	1.1450 - 1.1560	1.1535 - 1.1545	0.30-0.33cdis	-3.28	0.85-0.90dis	-3.03
Netherlands	1.7460 - 1.7825	1.7815 - 1.7825	0.82-0.85cdis	-5.62	2.38-2.42dis	-5.39
Belgium	31.90 - 32.45	32.25 - 32.35	15.00-17.00cdis	-5.57	39.00-44.00dis	-5.14
Denmark	6.0300 - 6.1350	6.1300 - 6.1350	2.85-3.15oredis	-5.87	8.35-8.95dis	-5.64
Germany	1.5500 - 1.5850	1.5820 - 1.5830	0.71-0.72pfdis	-5.42	2.09-2.11dis	-5.31
Portugal	135.75 - 136.90	136.75 - 136.85	117-127cdis	-10.70	310-335dis	-9.43
Spain	98.80 - 100.70	100.60 - 100.70	68-72cdis	-8.35	202-208dis	-8.15
Italy	1172.00 - 1194.25	1193.75 - 1194.25	7.50-8.00liredis	-7.79	22.10-23.10dis	-7.57
Norway	6.1050 - 6.2000	6.1850 - 6.1900	3.25-3.55oredis	-6.59	9.75-10.25dis	-6.46
France	5.2950 - 5.4025	5.3975 - 5.4025	2.65-2.70cdis	-5.94	7.70-7.80dis	-5.74
Sweden	5.6575 - 5.7725	5.7675 - 5.7725	4.20-4.45oredis	-8.99	11.95-12.40dis	-8.44
Japan	125.45 - 127.15	126.95 - 127.05	0.13-0.14ydis	-1.28	0.38-0.40dis	-1.23
Austria	10.9250 - 11.0000	10.9775 - 10.9825	5.10-5.40grodis	-5.74	15.20-16.30dis	-5.74
Switzerland	1.3825 - 1.4110	1.4090 - 1.4100	0.43-0.46cdis	-3.79	1.29-1.34dis	-3.73
Ecu	1.2865 - 1.3110	1.2885 - 1.2895	0.72-0.69cpm	6.56	2.04-1.98pm	6.24

Commercial rates taken towards the end of London trading. † UK, Ireland and ECU are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency.

EXCHANGE CROSS RATES

Jan.10	£	$	DM	Yen	F Fr.	S Fr.	N Fl.	Lira	C$	B Fr.	Ecu
£	1	1.794	2.840	227.8	9.688	2.528	3.198	2142	2.078	57.95	1.395
$	0.557	1	1.583	127.0	5.400	1.409	1.783	1194	1.158	32.30	0.778
DM	0.352	0.632	1	80.21	3.411	0.890	1.126	754.2	0.732	20.40	0.491
YEN	4.390	7.875	12.47	1000.	42.53	11.10	14.04	9403	9.122	254.4	6.124
F Fr.	1.032	1.852	2.931	235.1	10.	2.609	3.301	2211	2.145	59.82	1.440
S Fr.	0.396	0.710	1.123	90.11	3.832	1	1.265	847.3	0.822	22.92	0.552
N Fl.	0.313	0.561	0.888	71.23	3.029	0.790	1	669.8	0.650	18.12	0.436
Lira	0.467	0.838	1.326	106.3	4.523	1.180	1.493	1000.	0.970	27.05	0.651
C$	0.481	0.863	1.367	109.6	4.662	1.217	1.539	1031	1	27.89	0.671
B Fr.	1.726	3.096	4.901	393.1	16.72	4.362	5.519	3696	3.586	100.	2.407
Ecu	0.717	1.286	2.036	163.3	6.945	1.812	2.292	1535	1.490	41.54	1

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

EURO-CURRENCY INTEREST RATES

Jan 10	Short term	7 Days notice	One Month	Three Months	Six Months	One Year
Sterling	10¼ - 10½	10¼ - 10½	10⅝ - 10½	10⅝ - 10½	10⅝ - 10½	10⅝ - 10½
US Dollar	4⅛ - 4	4⅛ - 4	4⅛ - 4	4⅛ - 4	4⅛ - 4	4⅝ - 4½
Can. Dollar	7⅝ - 7⅜	7⅝ - 7⅜	7⅛ - 6⅞	6⅞ - 6¾	6⅝ - 6½	6⅝ - 6½
Dutch Guilder	9⅝ - 9½	9⅝ - 9½	9⅝ - 9½	9⅝ - 9½	9⅝ - 9½	9⅝ - 9½
Swiss Franc	8 - 7⅞	8 - 7⅞	7⅞ - 7¾	7⅞ - 7¾	7⅞ - 7¾	7¾ - 7⅝
D-Mark	9⅝ - 9½	9⅝ - 9½	9⅝ - 9½	9⅝ - 9½	9⅝ - 9½	9⅝ - 9½
French Franc	10⅛ - 10	10⅛ - 9⅞	9⅞ - 9¾	9⅝ - 9½	9⅝ - 9½	9⅝ - 9½
Italian Lira	12 - 10	11⅝ - 11⅜	11⅝ - 11⅜	11⅝ - 11⅜	11⅝ - 11½	12 - 11½
Belgian Franc	9⅝ - 9½	9⅝ - 9½	9⅝ - 9½	9⅝ - 9½	9⅝ - 9½	9⅝ - 9½
Yen	5½ - 5⅜	5⅝ - 5½	5⅝ - 5½	5½ - 5⅜	5⅜ - 5¼	4⅞ - 4¾
Danish Krone	9⅞ - 9⅝	9⅞ - 9⅝	10⅛ - 9⅞	10⅛ - 9⅞	10⅛ - 9⅞	10⅛ - 9⅞
Asian $Sing	4 - 3⅞	3 - 2⅞	2⅞ - 2¾	2⅞ - 2¾	3⅛ - 2⅞	3⅝ - 3½

Long term Eurodollars: two years 4⅞-4¾ per cent; three years 5⅜-5¼ per cent; four years 6⅛-5⅞ per cent; five years 6½-6⅜ per cent nominal. Short term rates are call for US Dollars and Japanese Yen; others, two days' notice.

FT LONDON INTERBANK FIXING

(11.00 a.m. Jan.10) 3 months US dollars		6 months US Dollars	
bid 3⅞	offer 4⅛	bid 3⅞	offer 4⅛

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted to the market by five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque National de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK

4pm

Prime rate	6½
Broker loan rate	6
Fed.funds	3¾
Fed.funds at intervention	-

Treasury Bills and Bonds

One month	3.98	Three year	5.22
Two month	3.65	Four year	-
Three month	3.94	Five year	6.13
Six month	4.02	Seven year	6.59
One year	4.02	10-year	6.87
Two year	4.86	30-year	7.49

Jan.10	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	9.45-9.55	9.40-9.50	9.40-9.50	9.40-9.50	9.35-9.45	9.75
Paris	9⅞-10	9⅞-10	9⅞-10	9⅝-9⅞	9⅞-9⅞	9.60
Zurich	6⅞-7⅛	7⅝-7⅞	-	7⅝-7⅞	-	-
Amsterdam	10.06-18	9.75-9.90	-	9.65-9.80	-	-
Tokyo	5⅞-5⅛	5⅞-5⅝	-	5⅞-5⅝	-	-
Milan	12⅛-12⅛	12⅛-12⅜	12-12⅛	-	-	-
Brussels	9.31-9.43	9⅜-9⅞	-	9⅛-9⅞	-	-
Dublin	10⅞-10⅞	10⅞-10⅞	10½-10⅝	10⅞-10⅞	10⅞-10⅞	-

LONDON MONEY RATES

Jan 10	Overnight	7 days notice	One Month	Three Months	Six Months	One Year
Interbank Offer	12	10⅜	10⅝	10⅝	10⅝	10⅝
Interbank Bid	5	9⅝	10½	10½	10½	10½
Sterling CDs	–	–	10½	10½	10½	10½
Local Authority Deps.	10	10¼	10½	10½	10½	10½
Local Authority Bonds	–	–	–	–	–	–
Discount Mkt Deps	11	10¼	–	–	–	–
Company Deposits	–	–	10⅝	10⅝	10⅝	10⅝
Finance House Deposits	–	–	10⅝	10⅝	10⅝	10⅝
Treasury Bills (Buy)	–	–	10⅜	10⅛	9⅞	–
Bank Bills (Buy)	–	–	10⅜	10⅜	10	–
Fine Trade Bills (Buy)	–	–	–	–	–	–
Dollar CDs	–	–	4.08	4.08	4.10	4.27
SDR Linked Dep. Offer	–	–	7	6⅝	6⅝	6⅝
SDR Linked Dep. Bid	–	–	6⅞	6½	6½	6½
ECU Linked Dep. Offer	–	–	10⅝	10½	10⅝	10⅜
ECU Linked Dep. Bid	–	–	10⅛	10¼	10⅛	9⅞

Treasury Bills (sell); one-month 10⅛ per cent; three months 10 per cent; six months 9⅞ per cent; Bank Bills (sell): one-month 10⅜ per cent; three months 10⅜ per cent; Treasury Bills; Average tender rate of discount 9.9712 p.c. ECGD Fixed Rate Sterling Export Finance. Make up day December 31, 1991. Agreed rates for period Jan.25, 1991 to February 25, 1992, Scheme I: 11.80 p.c., Schemes II & III: 12.06 p.c. Reference rate for period Nov 30,1991 to December 31, 1991, Scheme IV&V: 10.812 p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 11 from January 1, 1992: Bank Deposit Rates for sums at seven days notice 4 per cent. Certificates of Tax Deposit (Series 6); Deposit £100,000 and over held under one month 7 per cent; one-three months 9½ per cent; three-six months 9 per cent; six-nine months 9 per cent; nine-twelve months 9 per cent; Under £100,000 7 per cent from Sept 5,1991, Deposits withdrawn for cash 5 per cent.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS Figures in parentheses show number of lines of stock	FRIDAY JANUARY 10 1992 US Dollar Index	% chg ($) since 31/12/91	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg from 31/12/91	Gross Div. Yield	THURSDAY JANUARY 9 1992 US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	DOLLAR INDEX 1991/92 High	1991/92 Low	Year ago (approx)
Australia (68)	147.24	-2.4	121.88	118.20	121.14	133.14	+0.8	4.17	148.91	120.74	118.08	119.81	132.67	160.31	112.74	114.41
Austria (20)	167.81	+0.8	138.51	134.58	137.90	135.89	+3.6	2.12	169.42	137.37	134.35	136.31	134.39	222.37	153.88	177.72
Belgium (47)	140.88	-2.5	116.26	112.93	115.74	112.06	+0.7	5.29	142.29	115.37	112.82	114.47	111.78	151.20	118.04	128.00
Canada (115)	138.18	+1.4	114.17	110.90	113.66	115.45	+1.1	3.19	138.70	112.46	109.98	111.58	115.40	144.28	126.49	127.62
Denmark (37)	265.41	-0.7	219.34	213.07	218.36	221.37	+3.1	1.62	271.55	220.18	215.34	218.47	219.29	273.94	217.74	223.27
Finland (15)	82.08	+5.2	67.83	65.89	67.53	73.68	+8.8	3.31	84.17	68.25	66.75	67.72	72.77	125.15	73.32	92.53
France (106)	149.71	-0.5	123.72	120.18	123.16	126.81	+3.7	3.49	152.32	123.51	120.78	122.54	126.16	152.33	119.11	126.18
Germany (65)	114.67	-2.3	94.77	92.07	94.34	94.34	+2.0	2.44	115.93	94.00	91.94	93.27	93.27	125.35	94.15	107.31
Hong Kong (56)	178.80	+1.4	147.78	143.54	147.11	178.13	+1.1	4.18	178.19	144.48	141.30	143.37	177.62	179.04	119.62	123.24
Ireland (16)	166.54	-0.8	137.63	133.70	137.02	138.77	+2.6	3.61	167.69	135.97	132.96	134.91	137.49	182.46	132.68	138.17
Italy (77)	76.58	+1.6	63.29	61.48	63.01	68.29	+5.6	3.39	76.88	62.33	60.96	61.85	67.17	88.23	64.76	75.01
Japan (474)	128.94	-5.1	106.56	103.51	106.10	103.51	-3.5	0.82	133.99	108.64	106.25	107.81	106.25	146.97	118.23	124.07
Malaysia (68)	213.87	-0.1	176.74	171.68	175.95	223.75	-0.3	2.92	214.74	174.12	170.28	172.77	223.76	247.78	189.18	198.66
Mexico (18)	1467.75	+5.6	1212.97	1178.29	1207.57	4920.20	+6.4	1.06	1451.36	1176.79	1150.91	1167.68	4876.56	1467.75	534.45	554.86
Netherland (31)	149.04	-2.4	123.17	119.65	122.62	121.22	+1.8	4.46	152.77	123.87	121.14	122.91	121.42	155.45	125.70	128.92
New Zealand (14)	47.16	+0.4	38.98	37.86	38.80	46.15	+0.0	6.95	47.32	38.37	37.52	38.07	46.11	54.64	41.16	42.40
Norway (25)	177.30	-0.8	146.52	142.34	145.87	148.90	+2.9	1.74	182.26	147.78	144.54	146.64	149.48	223.24	157.08	185.09
Singapore (36)	218.21	-0.7	180.34	175.18	179.53	164.46	+0.3	2.12	221.24	179.38	175.44	177.99	165.83	223.53	151.63	157.27
South Africa (61)	263.60	+5.9	217.84	211.61	216.87	183.79	+6.2	2.68	262.05	212.48	207.80	210.83	180.41	271.99	173.00	183.95
Spain (52)	154.99	-0.9	128.09	124.43	127.52	118.18	+3.1	4.67	158.19	128.27	125.45	127.27	117.99	171.12	131.51	135.46
Sweden (25)	180.74	-0.2	149.36	145.10	148.70	154.38	+3.9	2.89	183.95	149.15	145.87	148.00	153.59	204.12	146.60	152.74
Switzerland (58)	100.21	-0.2	82.81	80.45	82.46	87.57	+3.9	2.28	101.64	82.41	80.61	81.79	87.12	103.50	82.17	84.85
United Kingdom (234)	176.80	-4.6	146.11	141.92	145.46	146.11	-0.5	5.09	181.73	147.35	144.09	146.19	147.35	187.44	156.27	160.52
USA (528)	169.48	-0.2	140.06	136.07	139.45	169.48	-0.2	2.87	170.52	138.26	135.22	137.19	170.52	170.69	125.95	127.48
Europe (814)	143.93	-2.5	118.95	115.55	118.43	119.26	+1.5	4.04	146.86	119.06	116.46	118.16	119.20	151.52	125.50	129.44
Nordic (102)	183.10	-0.4	151.32	146.99	150.65	148.98	+3.5	2.17	187.07	151.68	148.34	150.50	148.03	200.81	155.55	169.17
Pacific Basin (718)	130.80	-4.8	108.10	105.01	107.62	106.47	-3.1	1.15	135.46	109.83	107.42	108.98	108.97	145.92	117.88	123.33
Euro-Pacific (1532)	136.36	-3.8	112.69	109.46	112.18	112.33	-1.2	2.36	140.34	113.79	111.28	112.90	113.83	147.88	121.29	126.15
North America (638)	167.49	-0.2	138.41	134.47	137.82	165.80	-0.2	2.89	168.49	136.61	133.62	135.58	166.76	168.57	125.91	127.39
Europe Ex. UK (580)	123.68	-1.0	102.38	99.47	101.94	103.67	+3.0	3.28	125.74	101.95	99.73	101.18	102.98	129.80	103.58	110.55
Pacific Ex. Japan (244)	149.17	-0.6	123.27	119.77	122.74	135.56	+0.7	3.92	149.96	121.59	118.93	120.66	135.32	153.19	111.40	113.98
World Ex. US (1726)	138.64	-3.3	114.57	111.30	114.07	114.38	-0.9	2.38	142.41	115.47	112.94	114.58	115.75	148.16	122.32	127.01
World Ex. UK (2015)	145.24	-1.9	120.03	116.60	119.50	129.87	-0.7	2.29	147.86	119.89	117.26	118.97	131.15	150.58	120.06	122.82
World Ex. So. Af. (2188)	147.23	-2.3	121.67	118.21	121.14	130.96	-0.7	2.57	150.09	121.70	119.03	120.76	132.29	153.05	122.92	125.81
World Ex. Japan (1775)	159.47	-0.9	131.79	128.03	131.22	147.21	+0.6	3.32	161.15	130.66	127.80	129.67	147.60	161.90	126.68	128.50
The World Index (2249)	148.00	-2.2	122.31	118.82	121.78	131.44	-0.6	2.57	150.82	122.29	119.61	121.35	132.72	153.70	123.28	126.16

Base values: Dec 31, 1986 = 100; Finland: Dec 31, 1987 = 115.037 (US $ Index), 90.791 (Pound Sterling) and 94.94 (Local); Nordic: Dec 30, 1988 = 139.65 (US $ Index), 114.45 (Pound Sterling) and 123.22 (Local).
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Constituent change during the week ending 10/1/92: Deletion: Manufacturers Hanover Corp. (USA).

LONDON RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid up	Latest Renunc. Date	1991/92 High	1991/92 Low	Stock	Closing Price p	+ or -	Net Div.	Times Cov'd	Gross Yield	P/E Ratio
–	F.P.	–	56	49	BTR Warrants 1995/96	51	-3	–	–	–	–
–	F.P.	–	120	110	Baillie Gifford Jap Wrrts	111	-5	–	–	–	–
–	F.P.	–	425	405	Bristol Water Non-Vtg £1	425	+20	–	–	–	–
*335	110	–	126½	122	British Telecom New	125½		13.3	2.6	5.1	10.2
140	F.P.	–	144	140	Burn Stewart Dist	144	+2	R5.0	2.3	4.6	11.1
–	F.P.	–	2½	2	Butte Mining Wrrnts.	2		–	–	–	–
†	F.P.	–	75	63	Capital Industries Lp	63	-7	–	–	–	–
–	F.P.	–	268	218	Eurotunnel '91 Wrnts.	268	+3	–	–	–	–
100	F.P.	–	92	88	Fidelity Euro Values	91		–	–	–	–
–	F.P.	–	22	20	Do. Warrants	21		–	–	–	–
–	F.P.	–	33	23	Fleming Japanese Wrnts	24		–	–	–	–
§235	F.P.	–	296	288	Frost Group	296	+1	u2.0	0.9	0.9	12.6
–	F.P.	–	21	19½	Hanson New Warrants	19½		–	–	–	–
120	F.P.	–	128	126	Harrington Kilbride	127		R4.5	1.8	4.7	12.9
‡	F.P.	–	25	24½	Hong Kong Zero Dv Pf	24½	+½	–	–	–	–
£105⅛	F.P.	–	£105⅛	£105⅛	Latin Am Inc & Appr. 1c	£104⅞		–	–	–	–
–	F.P.	–	4	3	Lowe (R) Wrnts	3		–	–	–	–
–	F.P.	–	4	¼	Multitrust Warrants	4		–	–	–	–
60	F.P.	–	59	56	¶Seafield Resources	56		–	–	–	–
50	F.P.	–	33	33	¶Simpsons of Cornhill 5p	33		–	–	–	10.2
100	F.P.	–	105	103	St. Davids Zero Div Pf	104½		–	–	–	–
–	F.P.	–	4	3½	Wills Group Wrrnts.	4		–	–	–	–

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1991/92 High	1991/92 Low	Stock	Closing Price £	+ or -
10p	F.P.	-	10p	8p	Butte Mining 10pc (Net) Cv Prf 1994	10p	
100	F.P.	-	107½	98½	Camborne Inds. 10¼pc Bd. Deb. 2001	107½	+2
100p	F.P.	-	103p	100p	Fidelity Euro. Values Equity Ln 2001	101p	
105	F.P.	-	105	98	Greencore 9.5% Cov Un Ln Stk 1995	100	
310p	150p	-	241pm	187pm	Inchcape Non-Int. Bearing Cv Un Ln	232pm	+10
100p	F.P.	-	104p	100¼p	NatWest Bank 9pc Prf Series A	102¼p	+¼

RIGHTS OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1991/92 High	1991/92 Low	Stock	Closing Price p	+ or -
43	Nil	–	5pm	3pm	Anglo Irish Bank	3pm	-2
34	Nil	–	4pm	½pm	Cliff Resources	½pm	
235	Nil	–	26pm	11pm	Hartstone	11pm	-1
415p	Nil	–	116pm	100pm	Northern Foods	107pm	
77½	Nil	–	1½pm	¼pm	River & Merc. Cap.	¼pm	
105½	Nil	–	1½pm	¼pm	Do. Inc.	¼pm	
113½	Nil	–	4½pm	3pm	Do. Stpd. Pf	4pm	
17½	Nil	–	1½pm	¼pm	Do. Warrants	¼pm	-½
125	Nil	–	¾pm	¼pm	Tottenham Hotspur	¼pm	
148	Nil	–	20pm	15½pm	Unichem 10p	20pm	

a Annualised dividend. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend and yield. q Earnings based on preliminary figures. u Forecast or estimated annualised dividend rate, cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1990-91. H Dividend and yield based on prospectus or other official estimates for 1991. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1991-92. N Dividend and yield based on prospectus or other official estimates for 1992. Q Gross. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma figures. ‡ Offered to holders of ordinary shares as a "rights". † Introduction. § Placing price. †† Reintroduction. ‡ Unlisted securities market. ¶ Issued in connection with reorganisation, merger or takeover. pm Price at a premium. * Issue price to private investors. ■ Unit comprising of 5 Ords and 1 Warrant.

BANK OF ENGLAND TREASURY BILL TENDER

	Jan.10	Jan.3		Jan.10	Jan.3
Bills on offer	£300m	£300m	Top accepted rate of discount	9.9874%	10.0676%
Total of applications	£1425m	£2478m	Average rate of discount	9.9712%	10.0676%
Total allocated	£300m	£300m	Average yield	10.2254%	10.3268%
Minimum accepted bid	£97.510	£97.490	Amount on offer at next tender	£300m	£300m
Allotment at minimum level	74%	85%	Minimum accepted bid 182 days	£95.110	£95.075

WEEKLY CHANGE IN WORLD INTEREST RATES

	Jan.10	change
LONDON		
Base rates	10½	Unch'd
7 day Interbank	10⅜	+⅜
3-month Interbank	10⅝	-⅛
Treasury Bill Tender	9.9712	-0.0964
Band 1 Bills	10⅜	Unch'd
Band 2 Bills	10⅜	Unch'd
Band 3 Bills	10⅜	Unch'd
Band 4 Bills	10⅜	Unch'd
3 Mth. Treasury Bill	10⅛	-⅛
1 Mth. Bank Bills	10⅜	+⅛
3 Mth. Bank Bills	10⅜	+⅛
TOKYO		
One month Bills	5⅞	-⅛
Three month Bills	5⅞	-
BRUSSELS		
One month	9⅝	-¼
Three month	9⅝	-¼
AMSTERDAM		
One month	9.825	Unch'd
Three month	9.725	Unch'd

	Jan.10	change
NEW YORK		
Prime rates	6½	Unch'd
Federal Funds	3¾	-½
3 Mth. Treasury Bills	3.93	Unch'd
6 Mth. Treasury Bills	4.02	+0.01
3 Mth. CD	4.08	-0.04
FRANKFURT		
Lombard	9.75	Unch'd
One mth. Interbank	9.45	-0.10
Three month	9.45	-0.10
PARIS		
Intervention Rate	9.60	Unch'd
One mth. Interbank	9⅞	-⅛
Three month	9⅞	-⅛
MILAN		
One month	12⅛	-½
Three month	12⅛	-¼
DUBLIN		
One month	10⅝	+⅛
Three month	10⅝	Unch'd

FINANCIAL TIMES STOCK INDICES

	Jan 10	Jan 9	Jan 8	Jan 7	Jan 6	Jan 3	1991 High	1991 Low	Since Compilation High	Since Compilation Low
Government Secs.	87.42	87.38	87.34	87.28	87.16	87.10	87.94	82.17	127.4	49.18
Fixed Interest	99.57	97.98	97.89	97.76	97.65	97.41	99.57	90.59	106.4	50.53
Ordinary	1874.2	1904.8	1885.9	1904.1	1906.5	1901.4	2108.3	1606.3	2108.3	49.4
Gold Mines	160.6	151.2	145.4	140.3	139.2	140.1	222.8	127.0	734.7	43.5
FT Act All-Share	1182.19	1191.18	1178.08	1185.20	1190.12	1193.57	1284.07	987.46	1284.07	61.92
FT-SE 100	2477.9	2497.9	2467.1	2482.9	2493.2	2504.1	2679.6	2054.8	2679.6	986.9
FT-SE Eurotrack 100	1105.40	1100.02	1080.21	1086.06	1092.05	1087.01	1165.54	900.45	1165.54	900.45
FT-SE Eurotrack 200	1140.60	1140.71	1120.52	1128.64	1137.88	1135.99	1198.60	938.62	1198.60	938.62

LONDON SHARE SERVICE

BRITISH FUNDS

Stock	Notes Price £	Wk % change	Amnt £m	Interest due	Last xd	City line
"Shorts" (Lives up to Five Years)						
12¾pc 1992‡‡	100¼xd	—	776	Jy22 Ja22	16.12	1297
10pc 1992	99⅞	—	1,600	Au21 Fe21	16.7	1283
2pc IL 1992‡‡	186¼	0.1	600	Mr23 Se23	16.8	1312
8pc 1992 ‡‡	99⅜	0.1	1,000	Oc13 Ap13	8.8	1337
10½pc Cv 1992‡‡	100	—	1,200	Nv7 My7	1.10	1289
3pc 1992	97⅞	0.2	600	De11 Ja11	4.11	1328
Exch 12¼pc 1992	101⅛	0.1	1,301	Fe25 Au25	16.7	1285
13½pc 1992	102⅛	0.1	1,767	Mr22 Se22	16.8	1286
Treas 8¼pc 1993	98⅞	0.3	800	Au18 Fe18	12.7	5047
10pc 1993‡‡	100⅞	0.2	1,800	Oc15 Ap15	8.9	1279
12½pc 1993‡‡	103⅞xd	0.1	1,100	Ja14 Jy14	7.1	1290
Funding 6pc 1993‡‡	95⅞	0.2	800	Mr15 Se15	8.8	1276
Treas 13¾pc 1993‡‡	105¼	0.1	1,000	My23 Nv23	17.10	1304
8½pc 1994	97⅞xd	0.4	1,000	Au3 Fe3	30.12	4571
14½pc 1994‡‡	109⅛	0.2	800	Se1 Mr1	29.7	1307
Exch 13½pc 1994	107⅝	0.2	1,100	Oc27 Ap27	29.8	1287
Treas. 10pc Ln. 1994‡‡	100⅞	0.2	1,800	De9 Je9	4.11	1284
Exch 12½pc 1994	105⅞	0.1	1,240	Fe22 Au22	16.7	1283
Treas 9pc 1994‡‡	98⅞	0.1	1,800	My17 Nv17	11.10	1345
12pc 1995	104⅞xd	0.1	2,300	Jy25 Ja25	16.12	1294
Exch 3pc Gas 90-95	86½	0.3	214	Nv1 My1	28.9	1271
10¼pc 1995	101⅞xd	0.1	2,100	Ja21 Jy21	16.12	1254
Treas 12¾pc 1995‡‡	108⅛	—	840	My15 Nv15	8.10	1290
14pc 1996	112⅞xd	0.1	770	Jy22 Ja22	16.12	1305
9pc 1992-96‡‡	98⅞	0.2	700	Se15 Mr15	9.8	1344
15¼pc 1996‡‡	118	0.1	1,100	Nv3 My3	27.9	1309
Exch 13¼pc 1996‡‡	111⅞	0.1	800	Nv15 My15	8.10	1268
Conversion 10pc 1996	100⅞	0.2	3,000	My15 Nv15	8.10	1240
Five to Fifteen Years						
Treas 13¾pc 1997‡‡	112⅞xd	0.2	1,200	Jy22 Ja22	16.12	1302
Exch 10½pc 1997	102⅞	0.2	3,300	Au21 Fe21	16.7	1253
Treas 8¾pc 1997‡‡	96⅛	0.3	3,000	Mr1 Se1	29.7	1341
Exch 15pc 1997	121⅞	0.1	600	Ap27 Oc27	29.8	1269
9¾pc 1998	100¼xd	0.3	3,000	Jy19 Ja19	16.12	1273
Treas 6¾pc 1995-98‡‡	90⅞	0.3	1,000	Nv1 My1	28.9	1331

BRITISH FUNDS - Cont.

Stock	Notes Price £	Wk % change	Amnt £m	Interest due	Last xd	City line
15½pc '98‡‡	127⅞	0.1	935	Mr30 Se30	27.8	1306
Exch 12pc 1998	110⅞	0.2	3,000	My20 Nv20	14.10	1259
Treas 9½pc 1999‡‡	99⅞xd	0.3	1,400	Jy15 Ja15	7.1	1347
Exch 12¼pc 1999	112⅞	0.2	2,900	Se26 Mr26	26.8	1264
Treas 10½pc 1999	104⅞	0.4	1,262	Nv19 My19	14.10	1268
Conversion 10¼pc 1999	103⅞	0.3	1,646	My22 Nv22	16.10	1242
9pc 2000‡‡	97¼	0.3	2,750	Se3 Mr3	29.7	1244
Treas 13pc 2000	119⅞xd	0.2	3,171	Ja14 Jy14	7.1	1299
10pc 2001	102⅞	0.2	3,000	Au26 Fe26	22.7	1280
14pc '98-01	115⅛	0.2	978	Nv22 My22	16.10	1306
9¾pc 2002	101½	0.2	3,075	Fe27 Au27	22.7	1349
10pc 2003	103⅞	0.1	1,750	Mr8 Se8	2.8	1281
Treas 11½pc 2001-04	110⅞	0.1	1,039	Se19 Mr19	13.8	1290
Funding 3½pc '99-04	61⅞xd	0.1	443	Ja14 Jy14	7.1	1274
Conversion 9½pc 2004	100⅛	0.1	1,512	Ap25 Oc25	18.8	1246
9½pc 2004 A	100⅛	0.1	1,000	Ap25 Oc25		—
9½pc 2005	100¼	0.1	3,132	Oc18 Ap18	11.8	1247
Treas 12½pc 2003-05	120⅞	0.1	2,200	My21 Nv21	16.10	1295
8pc 2002-06‡‡	93⅞	0.1	1,000	Ap5 Oc5	2.8	1334
Over Fifteen Years						
Treas 11¾pc 2003-07	115⅞xd	0.1	3,150	Jy22 Ja22	16.12	1298
8½pc 2007 ‡‡	96xd	—	1,540	Ja16 Jy16	10.12	1339
8½pc 2007 A@	96⅞	3.0	1,000	Jan Jul	—	—
13½pc '04-08	128⅞	0.1	1,250	Se26 Mr26	26.8	1301
9pc 2008 ‡‡	97⅞	0.3	3,521	Ap13 Oc13	8.9	1343
8pc 2009	89⅛	0.3	1,000	Mr25 Se25	16.8	1335
Conv 9pc Ln 2011 ‡‡	97⅞	0.5	222	Ja12 Jy12	7.1	1245
9pc 2011 B	97⅞	0.1	1,600	Jy12 Ja12		—
Treas 5½pc 2008-12‡‡	66⅝	0.4	1,000	Mr10 Se10	6.8	1330
7¾pc 2012-15‡‡	86⅞xd	0.4	700	Jy26 Ja26	20.12	1332
Exch 12pc '13-'17	124⅞	0.2	1,000	Je12 De12	5.11	1280
Undated						
Consols 4pc	41⅞xd	0.5	358	Fe1 Au1	8.1	1239
War Loan 3½pc‡‡	37⅞	0.3	1,909	Je1 De1	25.10	1352
Conv 3½pc '61 Aft	40¼	0.3	135	Ap1 Oc1	27.8	1243
Treas 3pc '66 Aft	30⅞	0.1	55	Ap5 Oc5	2.8	1324
Consols 2½pc	25	0.5	276	5JaApJyOc	2.12	1238
Treas. 2½pc	25⅞	0.7	475	Ap1 Oc1	27.8	1315

BRITISH FUNDS - Cont.

Stock	Notes	Price £	Wk % change	Amnt £m	Interest due	Last xd	City line
Index – Linked	(b)						
Treas. 2pc '94	(102.9)	123⅛	0.4	600	Nv16 My16	16.10	5070
2pc '96	(67.9)	177⅞	0.6	1,000	Mr16 Se16	12.8	1313
2½pc '01	(78.3)	144⅞	0.5	1,000	Mr24 Se24	18.8	1316
2½pc '03	(78.8)	148⅞	0.9	800	Nv20 My20	14.10	1317
2pc '06	(69.5)	142⅞xd	1.1	1,200	Ja19 Jy19	13.12	1314
2½pc '09	(78.8)	130⅛	1.2	950	Nv20 My20	14.10	1318
2½pc '11	(74.6)	134⅛	1.3	1,400	Fe23 Au23	17.7	1319
2½pc '13	(89.2)	119⅛xd	1.4	1,300	Fe16 Au16	16.1	1320
2½pc '16	(81.6)	117⅞xd	1.5	1,700	Ja26 Jy16	20.12	1321
2½pc '20	(83.0)	112⅛	1.5	1,400	Oc16 Ap16	9.8	1322
2½pc '24‡‡	(97.7)	93⅞xd	1.6	800	Ja17 Jy17	11.12	1323

(b) Figures in parentheses show RPI base for indexing, (ie 8 months prior to issue) and have been adjusted to reflect rebasing of RPI to 100 in January 1987. Conversion factor 3.945. RPI for April 1991: 133.1 and for November 1991: 135.6.

OTHER FIXED INTEREST

Stock	Notes Price £	Wk % change	Amnt £m	Interest due	Last xd	City line
African Dev 11¼ 2010	107⅞	0.9	50	Ja4 Jy4	1.12	—
Asian Dev 10¼pc 2009	102⅞	1.1	100	Mr24 Se24	23.3	—
B'ham 11½pc 2012	108½	1.0	45	My15 Nv15	17.4	1837
Ireland Cap 8½pc '10	90	1.0	384	Ap1 Oc1	—	1465
9pc Cap 1998	99⅞	0.4	720	Ja30 Jy30	—	—
13pc '97-02	114½	0.2	315	Ap1 Oc1	22.8	1428
GLC 6¾pc 1990-92	99⅞	0.4	40	Fe15 Au15	16.7	2647
Hydro Quebec 15pc 2011	152⅞	0.6	40	My31 Nv31	27.10	—
Int-Am Dev 12½pc 2003	116	0.5	75	Ja8 Jy8	7.12	—
9¾pc 2015	97⅞	0.6	175	My15 Nv15	13.10	—
Leeds 13½pc 2006	118½	0.9	40	Ap1 Oc1	12.3	3148
Liverpool 3½pc Irred	30½	—	5	1JaApJlOc	1.8	3169
LCC 3pc '20 Aft	27½	—	26	1MrJeSeDe	1.6	—
Manchester 11½pc 2007	106	1.2	7	Ap25 Oc25	30.3	3275
Met. Wtr. 3pc 'B'	64½	1.9	25	Mr1 Se1	1.8	3381
N'wide Anglia 3⅞pc 2021	104½xd	-5	60	Ja30 Jy30	6.1	3485
4¼pc IL 2024	105⅛	0.7	50	Fe23 Au23	19.2	—
Utd Mex States 16½pc 2008	125¼	1.8	60	Mr1 Se1	28.1	—

MONEY MARKET FUNDS

Money Market Trust Funds

	Gross	Net	Gross CAR	City-line
CAF Money Management Co Ltd				
48 Pembury Road, Tonbridge TN9 2JD 0732 770114				
Calcash Deposit Fund	10.16	-	10.55	-
Deposits Over £1 million	10.26	-	10.66	-
Deposits Over £2 million	10.36	-	10.77	-
The COIF Charities Deposit Account				
2 Fore Street, London EC2Y 5AQ 071-588 1815				
Deposit	10.30	-	10.70	-
Cent. Bd. of Fin. of Church of England‡‡				
2 Fore Street, London EC2Y 5AQ 071-588 1815				
Deposit	10.30	-	10.70	40253
Gartmore Money Management Ltd				
16-18 Monument St, London EC3R 8QQ 071-236 1425				
TESSA Desk 071 236 9362				
Call Fnd	9.35	7.01	9.56	-
7-day Fund	9.54	7.15	9.76	-
Special Fund	9.24	6.93	9.64	-
Dollar	2.74	2.05	2.76	-
TESSA Prime	9.76	-	10.12	-
TESSA Plus	9.57	-	9.92	-
TESSA Saver	9.33	-	9.66	-

Money Market Bank Accounts

	Gross	Net	Gross CAR	City-line
AIB Bank High Interest Cheque Account				
Belmont Rd, Uxbridge UB8 1SA 0800 282115				
£2,500-£9,999	8.50	6.38	8.77	-
£10,000+	9.25	6.94	9.57	-
Aitken Hume Bank plc				
30 City Road, EC1Y 2AY 071-638 6070				
Treasury Acc.	9.00	6.75	9.31	-
Mth Int Chq £1,000-£4,999	9.00	6.75	9.38	-
Mth Int Chq £5,000-£49,999	9.50	7.125	9.92	-
Mth Int Chq £50,000+	10.00	7.50	10.47	-
Allied Trust Bank Ltd				
97-101 Cannon St, London EC4N 5AD 071-626 0879				
TOMNA (£2,001+)	10.90	8.18	11.46	-
OMNA (£2,001+)	10.50	7.88	11.02	-
HICA (£2,001+)	9.00	6.75	9.38	-
Premier TESSA	12.50	9.38	13.24	-
American Express Bank Ltd				
Sussex House, Burgess Hill, West Sussex, RH15 9AW 0444 230230				
High Performance Cheque Account				
Cardmembers				
£500-£999	3.50	2.63	3.56	-
£1,000-£4,999	8.50	6.38	8.84	-
£5,000-£9,999	8.70	6.53	9.06	-
£10,000-£24,999	9.10	6.83	9.49	-
£25,000-£49,999	9.30	6.98	9.71	-
£50,000-£99,999	9.50	7.13	9.92	-
£100,000+	9.70	7.28	10.14	-
Non-Cardmembers				
£500-£999	3.25	2.44	3.30	-
£1,000-£4,999	8.25	6.19	8.57	-
£5,000-£9,999	8.45	6.34	8.79	-
£10,000-£24,999	8.85	6.64	9.22	-
£25,000-£49,999	9.05	6.79	9.43	-
£50,000-£99,999	9.25	6.94	9.65	-
£100,000+	9.45	7.09	9.87	-
Bank of Ireland High Interest Cheque Acc				
36-40 High St, Slough SL1 1EL 0753 516516				
£10,000+	8.75	6.563	9.041	-
£2,000-£9,999	8.50	6.375	8.775	-
Bank of Scotland				
38 Threadneedle St, EC2P 2EH 071-601 6446				
MM Chq Acc £2,500-£24,999	8.65	6.48	9.00	-
£25,000+	9.11	6.83	9.50	-
Barclays Select				
PO Box 120, Westwood Bs Pk, Coventry 0800 400100				
£2,000-£9,999	8.50	6.38	8.50	-
£10,000-£24,999	9.75	7.31	9.75	-
£25,000-£49,999	10.25	7.69	10.25	-
£50,000+	11.00	8.25	11.00	-
Barclays Prime Account H.I.C.A.				
PO Box 125, Northampton 0604 252891				
£1,000-£2,499	7.00	5.25	7.19	-
£2,500-£9,999	7.70	5.78	7.93	-
£10,000-£24,999	8.40	6.30	8.67	-
£25,000+	8.75	6.56	9.04	-
Benchmark Bank PLC Premier Account				
86 Newman Street, W1P 3LD. 071-631 3313				
£2,500-£10,000	9.00	6.75	9.31	-
£10,001-£20,000	9.25	6.9375	9.58	-
£20,000+	10.00	7.50	10.38	-
Brown Shipley & Co Ltd				
Founders Court, Lothbury, London EC2 071-606 9833				
HICA	9.125	6.85	9.36	-
Prof Demand A/c.	9.375	7.032	9.68	-
Caledonian Bank Plc				
8 St Andrew Square, Edinburgh EH2 2PP 031 556 8235				
HICA	10.00	7.50	-	-
Cater Allen Ltd				
25 Birchin Lane, London EC3V 9DJ 071-623 2070				
HICA	9.00	6.75	9.3807	-
Consort £5,000 min.	9.75	7.3125	10.1977	-
TESSA	10.25	-	10.7455	-
Charterhouse Bank Limited				
1 Paternoster Row, EC4M 7DH. 071-248 4000				
£2,500-£19,999	9.25	6.94	9.65	-
£20,000-£49,999	9.50	7.13	9.92	-
£50,000-£99,999	9.75	7.31	10.20	-
£100,000+	10.00	7.50	10.47	-
$5,000-$49,999	2.50	1.88	2.53	-
$50,000-$99,999	3.00	2.25	3.04	-
$100,000-$199,999	3.25	2.44	3.30	-
$200,000+	3.50	2.63	3.56	-
Many other currencies are available—for rates please phone ext 2168				
Clydesdale Bank PLC				
30 St Vincent Place, Glasgow G1 2HL 041 248 7070				
£2,000-£24,999	8.25	6.19	8.51	-
£25,000-£99,999	9.00	6.75	9.31	-
£100,000+	9.50	7.13	9.84	-
Co-operative Bank				
PO Box 300, Skelmersdale, Lancs 0800 616162				
TESSA				
TESSA	11.50	-	-	-
Investment 90 – 90 Day Notice Savings				
£50,000+	10.75	8.10	11.0	-
£25,000-£49,999	10.50	7.90	10.8	-
£10,000-£24,999	9.50	7.10	9.7	-
£5,000-£9,999	8.25	6.20	8.4	-
Pathfinder – Card Based Current Account				
All Balances	10.00	7.50	10.50	-
Top Tier – Instant Access Savings				
£50,000+	9.50	7.10	9.7	-
£10,000-£49,999	9.00	6.75	9.2	-
£5,000-£9,999	7.75	5.80	7.90	-
£1,000-£4,999	7.25	5.40	7.40	-
£1-£999	3.50	2.60	3.50	-
Ultra Interest Bearing Current Account				
£20,000+	6.00	4.50	6.20	-
£5,000-£19,999	5.00	3.75	5.10	-
£500-£4,999	2.50	1.90	2.50	-
£1-£499	2.00	1.50	2.00	-
Coutts & Co				
Reserve Account				
440 Strand London WC2R 0QS 071-753 1000				
For personal customers				
£50,000+	9.125	6.84	9.44	-
£20,000-£49,999	8.625	6.47	8.91	-
£5,000-£19,999	8.125	6.09	8.38	-
For businesses, charities and societies				
£100,000-£1,000,000	8.50	6.40	8.78	-
£25,000-£99,999	8.25	6.19	8.51	-
£10,000-£24,999	7.625	5.72	7.85	-
Coutts Composite Account for clients money				
27 Bush Lane, London EC4R 0AA 071-623 3434				
Rates negotiable up to	10.00	-	-	-
Dartington & Co Ltd Investment HICA				
70 Prince St, Bristol BS1 4QD 0272 213206				
£50,000-£1m	9.50	7.13	9.84	-
£25,000-£49,999	9.25	6.94	9.58	-
£5,000-£24,999	9.00	6.75	9.31	-
Financial & General Bank plc				
13 Lowndes Street, London SW1X 9EX 071-235 0036				
H I D A £50,000	10.85	8.137	11.12	-
H I D A £10,000-£50,000	10.50	7.875	10.77	-
Gartmore Money Management Ltd				
16-18 Monument St London EC3R 8QQ 071-236 1425				
HICA £10,000+	8.75	6.56	9.04	-
Halifax Bldg Soc Asset Reserve Cheque Acc				
Trinity Road, Halifax HX1 2RG 0422 335333				
£5,000-£9,999	9.00	6.75	9.31	-
£10,000-£24,999	9.80	7.35	10.17	-
£25,000-£49,999	10.25	7.69	10.65	-
£50,000 and above	10.90	8.18	11.35	-
Julian Hodge Bank Ltd				
10 Windsor Place Cardiff CF1 3BX 0222 220800				
6 Mth Fixed Rate Dep Acc	11.00	8.25	-	-
Extra High Interest Deposit Account				
£50,000+	10.75	8.06	11.19	-
£10,000+	10.25	7.69	10.65	-
£5,000+	9.75	7.31	10.11	-
Humberclyde Finance Group				
Chalfey Ct, Winchester Rd, Basingstoke 0256 841863				
£50,000+	10.50	7.88	10.82	-
Kleinwort Benson Ltd				
158 Kentish Town Rd, London NW5 2BT 071 267 1586				
H.I.C.A (£2,500+)	9.66	7.16	10.21	-
Lloyds Bank – Investment Account				
71 Lombard St London EC3P 3BS 0272 433372				
£50,000 and above	10.40	7.80	10.40	-
£25,000+	10.00	7.50	10.00	-
£10,000+	9.80	7.35	9.80	-
£5,000+	8.40	6.30	8.40	-
Midland Bank plc				
PO Box 2, Sheffield 0742 529394				
Exchequer Acc £5000+	9.78	7.34	10.00	-
£10,000+	10.02	7.52	10.25	-
£25,000+	10.49	7.87	10.75	-
£50,000+	10.73	8.05	11.00	-
TESSA	11.00	-	11.00	-
NatWest Crown Reserve Account				
41 Lothbury London, EC2P 2BP 071-374 3374				
£25,000 and above	10.25	7.69	10.65	-
£10,000 to £24,999	10.00	7.50	10.38	-
£2,000-£9,999	9.625	7.22	9.98	-
Provincial Bank PLC				
30 Ashley Rd, Altrincham, Cheshire 061-928 9011				
H I C A (£1,000+)	8.75	6.56	9.11	-
Royal Bank of Scotland plc Premium Acc				
42 St Andrew Sq, Edinburgh EH2 2YE. 031-228 5650				
£50,000+	9.50	7.13	9.84	-
£25,000-£49,999	9.20	6.90	9.52	-
£10,000-£24,999	8.75	6.56	9.04	-
£2,500-£9,999	8.10	6.08	8.35	-
Save & Prosper/Robert Fleming				
16-22 Western Rd, Romford RM1 3LB 0800 282101				
Deposit £1,000+ Dem Acc	9.00	6.75	9.42	-
TESSA Fixed 1 Year	8.88	-	9.25	-
TESSA Variable	10.16	-	10.65	-
Sterling Bank & Trust Ltd				
Abbey Gdns, 6 Abbey St, Reading RG1 3BA 0734 592543				
HIDA £2,500+	10.50	7.88	10.78	-
Tyndall & Co Ltd				
29-33 Princess Victoria St, Bristol 0272 744720				
Demand Acc.	09.25	6.94	09.58	-
HIMA	09.13	6.84	09.44	-
HIMA £100,000+	09.38	7.03	09.70	-
Master Plus	09.13	6.84	09.44	-
TESSA	09.88	-	10.25	-
United Dominions Trust Ltd				
PO Box 135, Abbey St, Reading RG1 3EB 0734 560411				
Capital Plus Cheque Account				
£1,000+	9.90	7.43	10.27	-
J. Henry Schroder Wagg & Co Ltd				
120 Cheapside, London EC2V 6DS 071-382 6000				
Special Acc.	9.00	6.750	9.28	-
£10,000 and above	9.25	6.930	9.54	-
Western Trust High Interest Cheque Acc				
The Moneycentre, Plymouth PL1 1SE 0752 224141				
£15,000+	10.00	7.50	10.38	-
£5,000-£14,999	9.75	7.31	10.11	-
£1,000-£4,999	9.50	7.13	9.84	-
Wimbledon & South West Finance PLC				
114 Newgate St, London EC1 7AE 071-606 9485				
High Int Cheque Acc	10.60	7.95	11.03	-

NOTES– Gross: Contractual rate of interest payable, not taking account of the deduction of basic rate income tax. Net: Rate of interest payable after allowing for deduction of basic rate income tax. Gross CAR: Gross rate annualised to take account of compounding of interest paid other than once a year. 'Compounded Annual Rate'. Int Crd: Frequency at which interest is credited to the account.

LONDON SHARE SERVICE

AMERICANS

	Notes	Price £	Wk% change	Div gross	Dividends paid	Last xd	City line
Abbott Labs		36xd	—	$1.00	FeMyAuNv	18.1	1503
♥Allegheny & W		224p	-3.7	30c	—	—	—
Amdahl		881xd	6.1	10c	NvMrJeAu	31.1	—
Amer Cyanamid		36¼	4.3	$1.50	MrJeSeDe	27.2	—
Amer Express		12 xd	7.5	$1.00	FeMyAuNv	30.12	1594
Amer T & T		22 xd	6.8	$1.32	FeMyAuNv	27.3	1597
Ameritech		35¾	3.6	$3.40	FeMyAuNv	28.3	—
BankAmerica		21⅝xd	6.2	$1.28	FeMySeDe	19.11	1744
Bankers NY		35½xd	4.6	$1.52	ApJyOcJa	27.12	1745
Bell Atlantic		28xd	-5	$2.52	FeMyAuNv	4.7	—
BellSouth		28¾	0.9	$2.76	FeMyAuNv	6.4	—
♥Bethlehem Steel		7 xd	-2.5	40c	MrJeSeDe	6.2	1821
Bowater		1238p	4.9	$1.20	OcJaApJy	6.6	1884
CPC		47⅝xd	-2.4	$2.00	JaApJyOc	27.12	2263
California Engy		775p	-6.7	—	—	—	—
Campbell Soup	h	22⅛	-2.2	78c	OcJaApJy	24.12	2050
Chase Manhattan		18⅞	10.5	$1.20	FeMyAuNv	30.10	2109
Chrysler		7⅛xd	8.6	60c	ApJyOcDe	11.12	2135
Citicorp		6 xd	3.3	—	—	23.10	2141
Colgate-Palm		27⅝xd	6.5	$1.08	FeMyAuNv	22.10	2184
Cont'l Bank		592p	17.0	80c	DeMrJeSe	31.5	—
Dana		16⅞xd	13.4	$1.60	MrJeSeDe	25.11	2306
Data General		930p	8.7	—	—	—	—
Dial		26⅝xd	9.2	$1.40	JaApJyOc	28.5	2778
Dun & Brad		28⅜	-1.7	$2.10	MrJeSeDe	13.2	—
Eaton		36⅜	6.2	$2.20	—	2.2	2410
Echlin		7⅝xd	3.4	76c	JaApJyOc	30.12	3045
FPL		19⅝xd	0.3	$2.40	MrJeSeDe	28.11	—
Fluor		24⅝xd	7.1	40c	JaApJyOc	18.12	2609
Ford Motor		16¾xd	7.2	$1.60	MrJeSeDe	29.10	2615
Gen Elect		40 xd	-3	$2.04	JaApJyOc	4.12	2675
♥General Host		434p	12.7	34c	—	13.12	—
Gillette		29½xd	0.4	82c	MrJeSeDe	24.6	2895
Hasbro		22½	4.7	24c	JaApJyOc	1.8	—
Honeywell		38⅝xd	10.8	$1.65	MyJeSeDe	25.11	2919
Houston Inds		23½	1.1	$2.96	MrJeSeDe	18.11	—
IBM		51 xd	5.7	$4.84	MrJeSeDe	5.5	2988
Ingersoll-Rand		30⅛xd	3.2	$1.32	MrJeSeDe	18.11	2979
Lockheed		23½xd	-1.1	$2.60	MrJuSeDe	13.2	—
Lowe's		1675p	7.0	58c	JaApJyOc	11.7	—
Man Hanover	♦	13xd	—	$3.28	JaApJyOc	28.9	3279
Merrill Lynch		34 xd	3.2	$1.00	FeMyAuNv	30.4	3351
Morgan (JP)		37⅛xd	2.4	$1.98	JaApJyOc	18.12	3418
Morris (Philip)		44 xd	4.3	$2.10	JaApJyOc	11.12	5161
NYNEX		44⅝	2.6	$4.56	FeMyAuNv	27.6	4740
♥Pac Agric		28½p	—	—	—	—	—
Pall	h	16½	10.0	44c	FeMyAuNv	24.1	—
Pennzoil		28 xd	-4.4	$3.00	MrJeSeDe	25.11	3630
Quaker Oats		39⅛	-1.9	$1.72	JyOcJaAp	17.12	3738
Rockwell		15xd	5.0	92c	MrJeSeDe	13.11	3847
Rep NY		28	3.7	$1.00	JaApJySe	10.12	3814
Sears, Roebuck		20⅝xd	0.3	$2.00	JaApJyOc	25.11	5191
Sthwestern Bell		39¼xd	0.7	$2.84	—	4.7	—
Sun Co.		16 xd	2.9	$1.80	MrJeSeDe	5.11	4135
Tenneco		18 xd	6.2	$1.60	MrJeSeDe	5.11	—
Texaco		31⅝xd	-4.0	$3.20	MrJeSeDe	5.11	4200
Texas Instr		18xd	5.7	72c	JaApJyOc	24.12	5033
Time Warner		51¾xd	10.4	$1.00	MrJeSeDe	3.12	4234
TRINOVA		11⅛xd	7.2	68c	Jun Dec	11.11	4309
♥Unilab		685p	—	—	—	—	—
Utd Tech		29xd	2.0	$1.80	MrJeSeDe	19.11	4361
♥Utilitech		66p	—	—	—	—	—
US West		21¼	3.0	$2.08	FbMyAuNv	14.4	—
Vanity		700p	-8	$1.30	JaApJyOc	11.77	—
Waste Manage		24 xd	4.6	44c	ApJyOcJa	18.12	4439
Whirlpool		2115p	1.5	$1.10	MrJeSeDe	27.2	—
♥Woolworth		17¾	20.0	$1.06	MrJeSeDe	28.1	4540

CANADIANS

	Notes	Price £	Wk% change	Div gross	Dividends paid	Last xd	City line
♥Abbot Energy		1⅞p	—	—	—	—	—
Amer Barrick		1517p	1.6	8c	Jun Dec	—	—
Bk Montreal		22⅜	9.1	$2.12	FeMyAuNv	2.8	1029
Bk Nova Scot		1093pxd	8.1	$1.00	JaApJeOc	30.8	1017
♥BC Gas		830p	3.9	80c	FeMyAuNv	30.12	—
BCE		22⅜	—	$2.60	ApJyOcJa	12.8	—
♥Brascan		884p	3.8	$1.04	JaApJyOc	28.10	—
♥Breakwater		7p	-6.7	10c	—	—	—
Can Imp Bk		1715p	6.5	$1.32	FeMyAuNv	29.8	1037
Can Pacific		855p	1.1	32c	JaApJyOc	28.12	1036
4pc Deb		35	-1.4	04%	Jan Jul	22.5	2051
♥Dorian		275p	1.9	28c	MrJeSeDe	3.6	—
♥Echo Bay		430p	5.9	7.5c	Jun Dec	—	1070
♥ECO		17p	6.3	—	—	—	—
Granges		58p	1.8	—	—	—	—
♥Gulf Can		275p	-4.5	48c	JaApJyOc	28.3	—
♥Hawker Sid		11¾	-2.1	$1.00	ApJyOcJa	15.11	—
♥Hudson's Bay	♦	1065p	-3	88c	MrJeSeDe	2.10	—
♥Imperial Oil		18¾	-1.3	$1.80	MrJeSeDe	28.11	—
Inco		17⅞	5.4	$1.00	JaApJyOc	1.8	—
♥Int Corona		348p	1.5	28c	May	5.89	—
♥Muscocho		3¾p	7.1	—	—	—	—
Nova Corp Alberta		349pxd	6.4	24c	FeMyAuNv	22.10	4215
♥Rio Algom		908p	3.1	80c	Jun Dec	16.4	—
Royal Bk Can		1365p	3.8	$1.16	MrJeSeDe	16.7	1180
♥TVX Gold		174p	4.2	—	—	—	—
♥Tarn Pere		4¼p	6.3	—	—	—	—
Toronto-Dom		902p	5.9	76c	FeMyAuNv	30.3	1207
♥Trans Can Pipe		866p	5.3	72c	JaApJyOc	1.12	—

BANKS

	Notes	Price	Wk% ch'ge	Div net	Div cov.	Dividend paid	Last xd	City line
ABN Amro Fl		£13¼	1.0	058%		♦ Aug May	27.8	1687
ANZ A$		169xd	3.1	020c		♦ Jan Jul	27.12	1690
■Abbey National	†	279½	-5.3	9.5	3.2	Apr Oct	12.8	5411
■Allied Irish I£	†	172	—	08.7%	1.9	Dec Jul	25.11	1854
Anglo Irish £1	g	43xr	-10.4	017.5%	2.2	Jan Jul	25.11	1355
Banco Bilbao Pta		£15¾	14.5	08.7%	2.7	Dec Jan	9.12	—
Banco de San Pta	†	£38⅛	—	09.7%	2.3	Apr Oct	31.10	—
■Bk Ireland I£	†‡	156	1.3	011.6%	0.6	Jul Dec	25.11	1380
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BREWERS & DISTILLERS

BUILDING MATERIALS

BUILDING MATERIALS - Cont.

BUSINESS SERVICES

CHEMICALS

CONGLOMERATES

CONTRACTING & CONSTRUCTION

CONTRACTING & CONSTRUCTION - Cont.

ELECTRICALS

ELECTRICITY

ELECTRONICS

ENGINEERING - AEROSPACE

ENGINEERING - GENERAL

ENGINEERING - GENERAL - Cont.

FOOD MANUFACTURING

FOOD RETAILING

HEALTH & HOUSEHOLD

HEALTH & HOUSEHOLD - Cont.

HOTELS & LEISURE

INSURANCE BROKERS

INSURANCE COMPOSITE

INSURANCE LIFE

INVESTMENT TRUSTS

INVESTMENT TRUSTS - Cont.

LONDON SHARE SERVICE

INVESTMENT TRUSTS - Cont.

MISCELLANEOUS - Cont.

OIL & GAS - Cont.

PACKAGING, PAPER & PRINTING - Cont.

STORES - Cont.

MINES - Cont.

MEDIA

MERCHANT BANKS

METALS & METAL FORMING

MISCELLANEOUS

MOTORS

OIL & GAS

OTHER FINANCIAL

OTHER INDUSTRIAL MATERIALS

PACKAGING, PAPER & PRINTING

PROPERTY

STORES

TELEPHONE NETWORKS

TEXTILES

TRANSPORT

WATER

SOUTH AFRICANS

PLANTATIONS

MINES

GUIDE TO LONDON SHARE SERVICE

special payment.
I Indicated dividend: cover relates to previous dividend.
e Forecast, or estimated annualised dividend rate, cover based on previous year's earnings.
v Subject to local tax.

1991.
K Dividend based on prospectus or other official estimates for 1990.
L Estimated annualised dividend, cover based on latest annual earnings.
M Dividend based on prospectus or other

official estimates.
T Figures assumed.
W Pro forma figures.
Z Dividend total to date.

Abbreviations:
xd ex dividend;
xc ex scrip issue;
xr ex rights;
xa ex all;
xf ex capital distribution

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £1200 a year for each security shown, subject to the Editor's discretion

FT Share Service

The following changes have been made to the FT Share Information Service:
Additions: Aberforth Smaller Co's C Shares (Section: Inv. Trusts), Barings 8pc Cum 2nd Prf and 9¼pc Non-Cum Prf (Merchant Banks), Drayton Korea Trust Ord. and Warrants (Inv. Trusts), JIB Group (Insurance Brokers) and Tanjong (Hotels & Leisure)
Deletions: Conversion 9pc 2011 A (British Funds), Guidehouse (Other Financial) and Southern Rhodesia '87-92 Asstd. (Other Fixed Interest).

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

4:00 pm prices January 10

1991 High	1991 Low	Stock	Div.	Yld. %	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
18⅞	9¼	AAR Corp	0.48	3.6	14	571	13¼	13	13¼	+¼
24¾	14½	A L Labs A	0.16	0.6	27	549	u26	24⅝	25¼	-½
60	40⅞	AMP Inc	1.44	2.4	24	2057	u60½	60	60	-⅝
71	44¼	AMR				134173	70¼	69¼	69¼	-2⅛
2⅞	1	ARX			1	120	1¾	1½	1½	-⅛
56	41½	ASA	3.00	6.1	14	699	50½	48⅞	48⅞	-1⅛
69½	39¼	Abbott Lab x	1.00	1.5	26	4436	66	64⅝	65⅞	+⅛
14⅝	9⅞	Abitibi Pr x	0.60	4.1	16	78	12⅜	12⅛	12¼	
11⅝	10⅞	ACM Gvt In x	0.72	6.4		349	11⅛	11¼	11¼	
9¼	8¼	ACM GvOpp x	1.01	10.1		112	u10⅛	10	10	-⅛
9½	8¼	ACM Gvt Sp x	0.17	1.8		999	9¼	9⅛	9¼	-⅛
11	9⅞	ACM Gvt Se	1.26	11.7		709	10⅞	10⅝	10⅝	
9⅛	7⅞	ACM Man x	0.47	5.3		367	9	8⅞	8⅞	-⅛
12⅞	11½	ACM Managd	1.35	10.6		240	u12⅞	12⅞	12⅞	+⅛
7½	4⅞	Acme Cleve	0.40	5.2	17	119	u8	7⅜	7⅜	
6	3⅜	Acme Elect			3	73	4⅞	4⅜	4⅜	-⅛
40	22⅞	Acuson			20	1387	31⅞	31	31¼	-½
20¼	14¾	Adams Expr	1.83	8.6	0	147	19⅛	19	19	-⅛
20⅛	12⅞	Adobe12Pf	2.40	18.5		123	13¼	13	13	-½
9¼	3⅞	Adobe Res			44	16	4½	4⅜	4½	
43	18	Ad Micro				681	u45⅛	44	44⅞	+⅞
17⅞	4⅝	Ad Micro P	3.00	15.6	96	1569	u19⅞	19	19¼	+⅜
5⅞	2¼	Advest Grp	0.16	2.4	9	486	u6⅞	6⅛	6⅝	+⅜
49⅛	31⅞	Aetna Lf x	2.76	6.3	6	1758	44⅛	43⅝	43⅞	-⅛
10⅝	6⅝	Affil A x	0.24	2.6	85	623	9⅜	9¼	9⅜	-⅛
0	0	Allec				812	u32	31¼	31⅝	-⅝
20⅞	12	Ahmanson	0.88	5.4	10	834	16⅜	16⅛	16¼	
20	2⅞	Aileen Inc			16	294	18⅞	18½	18½	-¼
74⅛	51⅝	Air Pr Chm x	1.56	1.9	18	7542	u80½	79	80½	-¼
30	16⅞	Airbne Frt	0.30	1.2	18	247	25¼	24⅞	25	-⅜
24½	12½	Airgas Inc			113	89	23¾	23⅛	23¾	+⅛
15¼	9	Airlease	1.66	16.2	6	154	11	10⅜	10⅜	-⅜
101	88¼	AlaPw8.16	8.16	8.1		z100	101¼	101¼	100½	-½
25⅛	21⅜	AlaPw PfA	2.00	8.0		11	u25⅛	25⅛	25⅛	
107	100	AlaPw9.44	9.44	8.9		z100	106	106	106	+1
[illegible]										

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- F -

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Continued on next page

NYSE COMPOSITE PRICES

Continued from previous page

1991 High	Low	Stock	Div.	Yld. %	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
29¾	14¼	Xtra Corp	0.72	2.4	14	65	u30	29⅞	29⅞	+⅛
27⅞	21⅛	Yankee Egy	1.60	6.2	12	16	25⅞	25½	25¾	+⅛
1½	⅞	Zapata			74	450	¾	⅝	¾	
9⅜	5¼	ZenithElec			2	384	8⅛	7⅞	8⅛	+¼
18½	12	Zenith Nat x	1.00	6.2	133	66	16⅛	16	16	−¼
8⅝	4½	Zenix Inc	0.84	13.2		186	u6⅞	6¼	6⅜	+⅛
16⅞	10	Zero Corp	0.40	3.6	14	256	11⅜	11¼	11⅜	+⅛
41⅜	29½	Zurn Ind	0.88	2.4	15	322	37⅛	36½	36⅞	+⅛
13⅞	10¼	Zweig Fund x	1.16	8.3		306	u14⅛	13⅞	14	
10¾	8½	Zweig Tot x	0.96	8.9		559	u11	10¾	10¾	−⅛

Price data supplied by Telekurs.

Owing to problems at Telekurs, some North American prices are temporarily being marked ex-dividend early.

Yearly highs and lows currently reflect the whole of 1991: highs and lows for 1992 will be shown with effect from Jan 16. Where a split or stock dividend amounting to 25 percent or more has been paid, the year's high-only range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividend are annual disbursements based on the latest declaration. Sales figures are unofficial.

a-dividend also xtra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls-sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE PRICES

4:00 pm prices January 10

NASDAQ NATIONAL MARKET

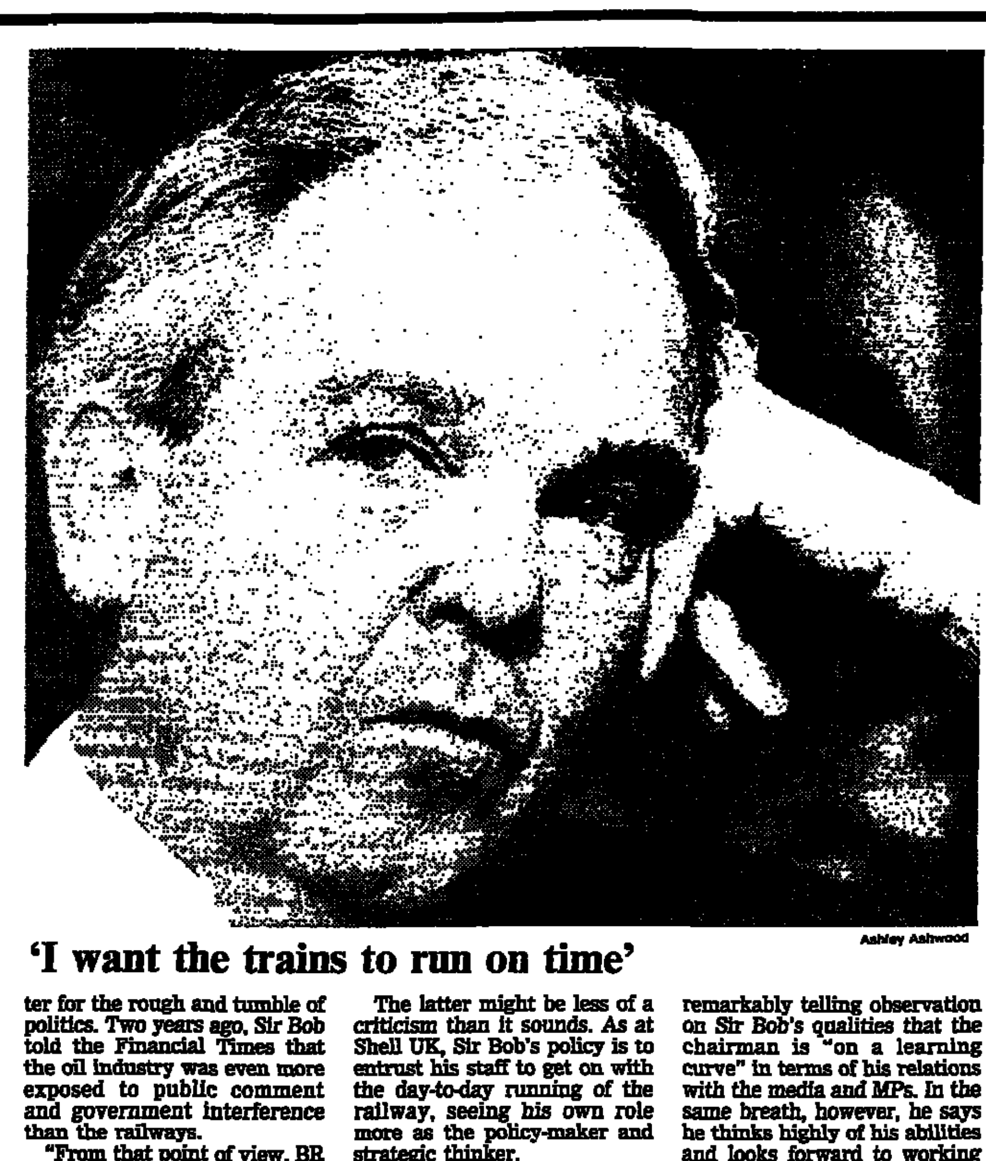
4:00 pm prices January 10

Stock	Div.	P/E	Sls 100s	High	Low	Last	Chng
AAMBrands	0.40	27	472	u40⅝	39½	40	−¼
ACC Corp x	0.16	40	162	14½	13¾	13¾	
Acclaim E		17	5986	6½	6¼	6⅜	−⅛
AcmeSteel		71	17	14¾	13½	13½	
Acxiom Cp		51	680	16	15½	16	+½
Adaptech		28	4618	u22⅛	20⅝	21¾	+½
ADC Tele		16	1057	28½	27	27¼	−1
Addington		170	6759	10¾	9⅞	10¼	+⅜
Adia Serv	0.16	20	19	16¼	d14¼	14⅛	−⅞
Adobe Sys x	0.32	27	8212	62⅞	59¾	60⅝	−2¼
ADT Adr 1	0.82	4	7690	9⅛	8⅝	8¾	
Advance C		7	198	8⅝	8¼	8⅝	
Adv Logic		6	1161	9½	8½	9¼	+¼
Adv Polym		40	3054	u14⅛	13⅝	14⅛	+⅜
Adv Tele		14	626	18¾	17½	18	+¼
Advanta	0.24	17	827	u40	38	38¼	−1½
Advo Sys		21	1342	u24⅛	22½	22⅞	−1¼
Aegon Adr	1.50	6	4	60	59	59⅞	
Affiliate		0	504	⅛	d1/32	⅛	
Agency Re		16	415	11¼	10⅝	10⅞	−⅜
AgnicoEa	0.08	2	154	4¼	4	4⅛	+⅛
Air Wisc		2	431	9	8⅝	8¾	−¼
Akzo ADR	0.47		1429	37⅞	37⅝	37¾	−⅝
Aldus Cp		19	27431	34¼	32½	33½	−6½
Alex Brwn	0.40	10	1142	u26⅞	26⅜	26⅜	−1
Alex Bald	0.88	15	1147	28⅜	27⅜	28½	
Allegh Bk		29	20	4⅝	4⅜	4½	+¼
Allen Org	0.40	11	z100	34¼	32¼	32¼	−2
Allen Pb		24	1419	32	31	31¾	−¼
Alliant		0	621	⅝	d½	½	
AlldCapII	1.13		804	u19⅞	19	19	−¼
Alld Cap	1.27	11	116	u17⅞	17¼	17¾	+½
Allwaste		26	7242	u7⅜	7⅛	7⅜	+⅛
Aloette C	0.32	8	4	10	9¾	10	+½
Alta Gold		1	152	1/32	¾	¾	−⅛
Altera Co		37	1086	u30½	29⅜	29⅞	−⅛

MONDAY PROFILE

A railway renaissance off-track

Richard Tomkins examines the career and record of Sir Bob Reid, chairman of British Rail



Ashley Ashwood

'I want the trains to run on time'

A poisoned chalice, people call it; or, leaving aside the metaphor, simply the worst job in Britain. Whatever the description, the chairmanship of British Rail is not a task to be undertaken lightly.

Small wonder, then, that transport ministers reportedly trawled through a list of 20 or more industrialists in late 1989 before finding a candidate willing to succeed Sir Robert Reid on his retirement.

They seemed to have struck lucky when Mr Bob Reid (no relation), the highly regarded chairman and chief executive of Shell UK, agreed to take up the challenge. Tough, intelligent, sincere and well-liked, he looked just the man to bring a railway renaissance.

Knighted shortly after accepting the appointment, the then Mr Reid relished the task that lay ahead. "I want the trains to run on time, to be safe, to give a good service, and to improve morale," he told the Financial Times. "If I achieve that, I really don't give a damn who gets the credit for it."

Two years later, it is no longer a question of who gets the credit: more one of who gets the blame. With Sir Bob's stated objectives patently unachieved, it is time to ask: is the chairman up to the job?

Hopes had ridden high on Sir Bob because of his demonstrable grit. This, after all, was the man who overcame the loss of his right arm in a mincing machine when he was nine years old to become not just a captain of industry, but also a golfer with a single-figure handicap.

Initially appointed part-time to the BR chairmanship in April 1990, Sir Bob became the £200,000-a-year full-time chairman in October 1990. Since then, the hopes have faded amid BR's inability to extricate itself from perpetual crisis.

Last year began with the notorious "wrong kind of snow" affair in which BR blamed the weather for paralysing the system; ended with severe disruption to services caused by leaves on the line; and was punctuated by two fatal crashes, fare rises well above the rate of inflation, and relentless complaints about the unreliability of trains, the run-down of services and the lack of passenger information.

It would be wrong to heap all the blame for these shortcomings on Sir Bob. Some are attributable to a management culture which will take time to change; others to a history of under-investment or the current cash squeeze.

But operational failings are only part of the story. On the political front, too, BR has performed particularly badly: and relations between BR and the government are an area for which Sir Bob is wholly responsible.

Here, it could be argued, Sir Bob has been just plain unlucky. While his predecessor had enjoyed rapidly rising revenues during the economic boom and was able to keep the government sweet by reducing his subsidy requirement, Sir Bob arrived just as recession sent BR's revenues into a downward spiral.

Set against this is the fact that Sir Bob enjoys the patronage of a prime minister and transport secretary far more sympathetic to the railways than their predecessors. Notwithstanding this advantage, virtually every encounter between BR and the government, on issues great and small, has left the railways defeated.

To take one instance: while BR succeeded in winning more government money in the last public spending round, the amount was far short of what was needed to compensate it for declining revenues. When it tried to plug the gap with big fare rises, the government very publicly intervened to trim the increases.

The result is that BR's investment programme is in tatters, with all projects except those already commissioned on indefinite hold.

Still more humiliating was BR's defeat over the planned high-speed link between London and the Channel tunnel. After battling for four years amid government vacillation for its favoured route through south London, it was astonished to have its recommendations overthrown at the last minute by a political decision in favour of an eastern route.

Now, another humiliation is looming with the government's plans for the privatisation of BR. Whatever the eventual form of the privatised railway, it seems probable that the government will override Sir Bob's wishes in at least two respects: first, in refusing to countenance the preservation of any organisation resembling BR in its present form, and second, in insisting on as rapid as possible a transition into the private sector rather than taking the slow-track approach favoured by Sir Bob.

The puzzle in all of this is that Sir Bob's background at Shell did not prepare him better for the rough and tumble of politics. Two years ago, Sir Bob told the Financial Times that the oil industry was even more exposed to public comment and government interference than the railways.

"From that point of view, BR will be a relief after this business," he said. "An absolute relief."

That the prophecy has not been borne out may reflect Sir Bob's lack of wider experience. Until his move to BR at the age of 55, he had spent his entire working life at Shell UK, determinedly climbing the corporate ladder. Even in his last five years as chairman, he was answerable to the company's parent, Royal Dutch/Shell, and never served on the parent's board.

PERSONAL FILE

1934 Born in Cupar, Fife. Educated St Andrews University, Edinburgh — MA politics, economics and modern history.
1956 Joined Shell to serve overseas in Africa, Asia and Australia until 1983.
1985 Chairman and chief executive of Shell UK.
1990 Chairman of British Rail. Knighted.

Although evidently competent at Shell UK and well-regarded by his staff, he kept a fairly low profile. Apart from his role in defending Shell UK after an oil spill in the Mersey in 1989, his time as chairman was marked mainly by his efforts to underline the company's community work and by his role in founding the Management Charter Initiative, an industry-led management training body.

Some managers at BR suggest that Sir Bob's career as an oil man may have been an inadequate preparation for a task as large, as complex and as politically charged as the railway chairmanship. He is also criticised for purportedly having a poor grasp of the detail of the railway's finances and operations.

The latter might be less of a criticism than it sounds. As at Shell UK, Sir Bob's policy is to entrust his staff to get on with the day-to-day running of the railway, seeing his own role more as the policy-maker and strategic thinker.

But here, too, he has disappointed. His big chance to set out his thinking was the publication last year of Future Rail, BR's vaunted prospectus setting out its policies for the next 10 years.

When it appeared, the document turned out to be an insubstantial brochure of public relations material which had almost no impact and was forgotten the moment it appeared.

Meanwhile Sir Bob's public performance has been bafflingly inconsistent.

Soon after taking up the chairmanship full-time, he came out fighting with a series of robust public statements calling for the government to invest £1bn a year in the railways to the end of the decade. Then he went quiet, apparently in the belief that if he played fair by the government, the government would play fair by him.

That trust was misplaced, as subsequent events have shown. But apart from his famous outburst after the Channel tunnel link decision ("when you are in the middle of a pantomime, you want to stay with it"), he has more or less disappeared from view. The run-up to the privatisation white paper, far from triggering a ferocious lobbying campaign, has seen him on an extended family holiday in Australia.

The temptation is to contrast Sir Bob's record with what might have been expected from some of those who turned the chairmanship down: Lord King, the British Airways chairman, for example, or Eurotunnel's chief executive, Sir Alastair Morton. Is it right, however, to go as far as some Tory MPs do in suggesting that he should be replaced?

Mr Malcolm Rifkind, the transport secretary, says in a remarkably telling observation on Sir Bob's qualities that the chairman is "on a learning curve" in terms of his relations with the media and MPs. In the same breath, however, he says he thinks highly of his abilities and looks forward to working with him for the foreseeable future.

It seems unlikely, then, that he will be pressed to step down. Quite apart from anything else, it would be near-impossible to find anyone prepared to act in Sir Bob's place as undertaker for the funeral of the British Railways Board when the planned privatisation takes place. The bigger question is whether Sir Bob will go of his own accord.

The odds are against it. To quit now would be an appalling admission of defeat for a man whose reputation was built on his determination. But if ministers reach agreement on a form of privatisation which makes his position untenable, it is perhaps just conceivable that he could take the opportunity to wreak one last, marvellously embarrassing act of revenge on the government that made his job so hard.

Economics and all that jazz

MICHAEL PROWSE on America

The US may have an ailing economy, but its economics profession is the envy of the world. At the new year, the cafés of the French quarter of New Orleans buzzed with the speculation of 7,000 social scientists, in town for the annual meeting of the American Economics Association.

Where is the profession going? With more than 500 sessions – many concurrent – and 1,500 individual presentations, personal views must be subjective. But I left with two positive impressions: first, that leading academic economists are becoming more worldly and less obsessed by abstruse mathematics; second, that the profession is growing less patient with the comforting simplicities of free-market economics.

A decade ago, economic "stars" such as Mr Robert Lucas of Chicago University preached an abstract souped-up version of monetarism known as "rational expectations". Building on the work of Milton Friedman and others, they argued that government intervention was ineffectual even in the very short run. Although such theories created the climate for egregious policy errors – such as the neglect of the dollar in the early 1980s – the theorists rarely strayed from their ivory towers.

Today much has changed. The leading young theorists are heavily involved in policy. Mr Jeffrey Sachs, the Harvard economist, spoke with authority on privatisation at the conference, largely because of his practical experience as an adviser to the Russian and Polish governments. Another Harvard star, Mr Lawrence Summers, has left academia temporarily to serve as chief economist at the World Bank. In New Orleans, he seemed to pop up everywhere, cutting through theoretical arguments with simple, colourful examples drawn from real life.

Mr Paul Krugman of MIT – honoured at the conference with the Clark Medal for outstanding achievement under the age of 40 – is in the same mould. While best known for his pioneering work on trade theory, he has played a prominent role in US policy debates, strenuously advocating the merits of flexible exchange rates. Having switched to economics from history, he claims to use George Orwell as a stylistic model and to have little patience for the "dense mathematics" that peppers too many academic papers.

Mr Summers has no more respect for technical wizardry. Today, he notes approvingly, the leaders of the profession are "mathematically less able but more worldly" than their counterparts a decade ago.

The second judgment – that the pendulum is swinging away from free market economics – partly reflects the pattern of recent theoretical advances. In spheres such as trade theory, labour economics, and finance, new models tend to be "neo-Keynesian", meaning they emphasise the importance of market imperfections. Using a cricketing analogy, one economist noted that free market theorists who were hitting boundaries in the 1970s and early 1980s now found themselves "padding up" to face fast balls from the likes of Mr Krugman.

The stagnation of the US economy over the past three years, which has led to cuts in academia as well as government and industry, has undoubtedly helped fuel hostility to Reaganite nostrums. Rather than emphasising the flaws of government, many academics are now looking at what the public sector can do to strengthen the economy's supply side – for example, by reforming education or renewing crumbling physical infrastructure.

In New Orleans, openly left-wing economists (a tiny minority in the US) received a sympathetic hearing. Mr David Gordon of the New School for Social Research in New York, for example, argued that US industry was hobbled by adversarial relations between workers and employers. Companies failed to invest, and employees resisted new work practices because neither side trusted the other. Nobody quibbled when he claimed that greater co-operation would be the key to enhanced productivity in the longer term.

But shifts in the ideological climate should not be exaggerated. A new macroeconomics textbook by Mr Gregory Mankiw, another rising Harvard star, is strikingly different from the texts I remember from the 1970s. The conventional Keynesian economics that formed the core of courses in the immediate post-war decades is relegated to the second half of the book, and balanced by long sections emphasising the classical principles that predated Keynes. "Everybody is to the right of where we were in the 1960s," says Mr Summers, "but less to the right than five or six years ago."

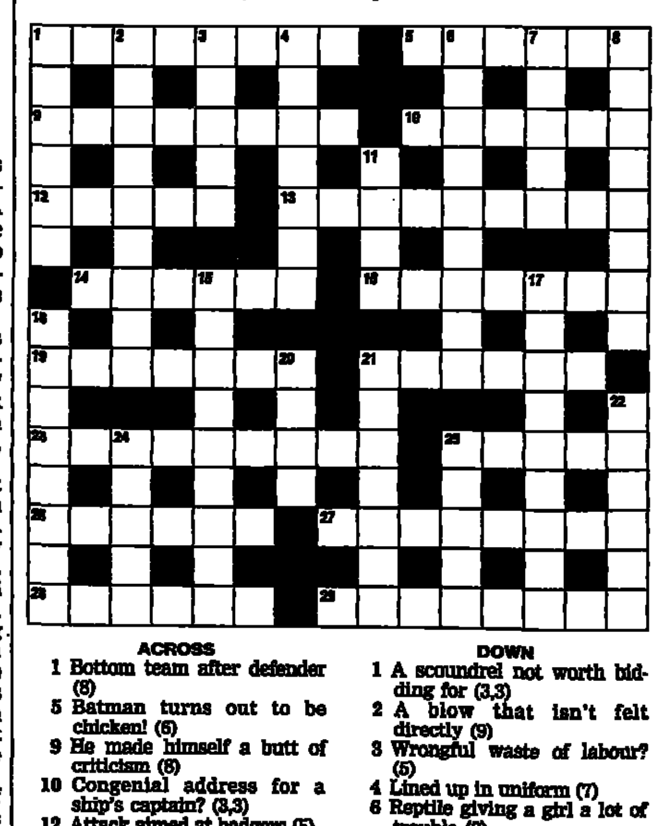
Finally, the conference illustrated the extraordinary diversity of modern economics. There is no subject, it seems, on which economists are not prepared to pronounce. The smorgasbord of seminars included sessions on "the economics of religion" and "the economics of sexual orientation". The presidential address, by Mr Thomas Schelling of the University of Maryland, was entirely devoted to the threat of global warming and contained barely any economics.

The willingness of some cutting-edge theoreticians to immerse themselves in practical policy issues bodes well. So does the shift away from rigid free market theory. Yet with these trends as yet poorly established, it is perhaps not surprising that the profession's luxuriant growth in the US has coincided with America's relative economic decline. The rise of Japan, which has no world-class economists, testifies to the irrelevance of much conventional economic theory.

JOTTER PAD

CROSSWORD

No.7,745 Set by DANTE



ACROSS

1 Bottom team after defender (8)
5 Batman turns out to be chicken! (6)
9 He made himself a butt of criticism (8)
10 Congenial address for a ship's captain? (3,3)
12 Attack aimed at badgers (5)
13 Hilton's Paradise Lost (7-2)
14 Touched by an oral greeting (6)
16 Possibly lift up one in need of help (7)
19 Finish with terribly sore back (7)
21 Bound to be in season (6)
23 The printer draws his capital from it (5,4)
25 She's found in, now and again (5)
26 Essential point put to the French law expert (6)
27 Stable charge for a horse (8)
28 Boring commercials for spirits (6)
29 Certainly in drink, but restrained (8)

DOWN

1 A scoundrel not worth bidding for (3,3)
2 A blow that isn't felt directly (9)
3 Wrongful waste of labour? (5)
4 Lined up in uniform (7)
6 Reptile giving a girl a lot of trouble (9)
7 Coming up encountered very good times (5)
8 Chaps keep score in mind (8)
11 Moist, yet may be on fire (4)
15 One thing one doesn't expect to be (9)
17 Expert in money matters, ie in franc conversion (9)
18 Amused by cunning devices in a plot (8)
20 Former graduate comes up for a test (4)
21 Symbol of respect perhaps (7)
22 Put into a container and drunk (6)
24 Greedy kind of bank, this (5)
25 Country and Western drinks (5)

The solution to last Saturday's prize puzzle will be published with names of winners on Saturday January 25.

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

1/2 hour period ending	Provisional Price for Trading on 12.01.92: Pool purchase price £/MWh	Final Prices for Trading on 15.12.91: Pool purchase price £/MWh	Final Prices for Trading on 15.12.91: Pool selling price £/MWh
0030	17.16	17.28	17.28
0100	24.36	28.09	29.61
0130	24.36	28.09	29.60
0200	24.36	28.09	29.56
0230	24.05	20.86	22.11
0300	18.81	20.80	22.08
0330	18.74	19.38	20.61
0400	18.70	17.45	17.45
0430	17.15	17.41	17.41
0500	17.14	17.11	17.11
0530	17.09	19.39	20.63
0600	17.09	17.32	17.32
0630	17.09	17.32	17.32
0700	17.09	17.32	17.32
0730	17.06	17.32	17.32
0800	17.04	17.17	17.17
0830	17.09	17.15	17.15
0900	17.14	17.31	17.31
0930	18.60	19.39	20.57
1000	18.95	19.39	20.88
1030	18.95	19.39	20.86
1100	19.11	20.92	22.24
1130	19.11	22.73	24.12
1200	26.01	30.86	32.38
1230	26.01	30.88	32.36
1300	26.01	30.86	32.33
1330	20.20	20.92	22.22
1400	19.11	19.73	20.99
1430	17.15	17.32	17.32
1500	17.15	17.32	17.32
1530	17.14	17.15	17.16
1600	17.14	17.32	17.32
1630	17.15	20.92	22.21
1700	19.95	22.86	24.19
1730	26.00	25.87	27.29
1800	26.00	25.87	27.29
1830	21.82	25.87	27.29
1900	21.82	21.16	22.45
1930	21.82	21.16	22.43
2000	21.82	20.81	22.06
2030	19.11	19.73	20.86
2100	19.08	19.73	20.97
2130	19.08	19.73	20.97
2200	19.08	19.73	20.97
2230	17.15	17.45	17.45
2300	17.14	17.32	17.32
2330	17.14	17.11	17.11
2400	17.11	16.94	16.94

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, eg £16.86/MWh becomes 1.686p/KWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreements which govern the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The provisional Pool Purchase Price is subject to revision or correction until final pool prices are determined approximately twenty-four days after the day of trading. Pool Selling Price is the price paid by purchasers of electricity under the pool trading arrangements. It is dependent upon the determination of Pool Purchase Price. Final pool prices are also capable of revision.

NGC Settlements Limited

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

1/2 hour period ending	Provisional Price for Trading on [illegible]: Pool purchase price £/MWh	Final Prices for Trading on [illegible]: Pool purchase price £/MWh	Final Prices for Trading on [illegible]: Pool selling price £/MWh
0030	[illegible]	[illegible]	[illegible]
0100	[illegible]	[illegible]	[illegible]
0130	[illegible]	[illegible]	[illegible]
0200	[illegible]	[illegible]	[illegible]
0230	[illegible]	[illegible]	[illegible]
0300	[illegible]	[illegible]	[illegible]
0330	[illegible]	[illegible]	[illegible]
0400	[illegible]	[illegible]	[illegible]
0430	[illegible]	[illegible]	[illegible]
0500	[illegible]	[illegible]	[illegible]
0530	[illegible]	[illegible]	[illegible]
0600	[illegible]	[illegible]	[illegible]
0630	[illegible]	[illegible]	[illegible]
0700	[illegible]	[illegible]	[illegible]
0730	[illegible]	[illegible]	[illegible]
0800	[illegible]	[illegible]	[illegible]
0830	[illegible]	[illegible]	[illegible]
0900	[illegible]	[illegible]	[illegible]
0930	[illegible]	[illegible]	[illegible]
1000	[illegible]	[illegible]	[illegible]
1030	[illegible]	[illegible]	[illegible]
1100	[illegible]	[illegible]	[illegible]
1130	[illegible]	[illegible]	[illegible]
1200	[illegible]	[illegible]	[illegible]
1230	[illegible]	[illegible]	[illegible]
1300	[illegible]	[illegible]	[illegible]
1330	[illegible]	[illegible]	[illegible]
1400	[illegible]	[illegible]	[illegible]
1430	[illegible]	[illegible]	[illegible]
1500	[illegible]	[illegible]	[illegible]
1530	[illegible]	[illegible]	[illegible]
1600	[illegible]	[illegible]	[illegible]
1630	[illegible]	[illegible]	[illegible]
1700	[illegible]	[illegible]	[illegible]
1730	[illegible]	[illegible]	[illegible]
1800	[illegible]	[illegible]	[illegible]
1830	[illegible]	[illegible]	[illegible]
1900	[illegible]	[illegible]	[illegible]
1930	[illegible]	[illegible]	[illegible]
2000	[illegible]	[illegible]	[illegible]
2030	[illegible]	[illegible]	[illegible]
2100	[illegible]	[illegible]	[illegible]
2130	[illegible]	[illegible]	[illegible]
2200	[illegible]	[illegible]	[illegible]
2230	[illegible]	[illegible]	[illegible]
2300	[illegible]	[illegible]	[illegible]
2330	[illegible]	[illegible]	[illegible]
2400	[illegible]	[illegible]	[illegible]

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, eg £16.86/MWh becomes 1.686p/KWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreements which govern the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The provisional Pool Purchase Price is subject to revision or correction until final pool prices are determined approximately twenty-four days after the day of trading. Pool Selling Price is the price paid by purchasers of electricity under the pool trading arrangements. It is dependent upon the determination of Pool Purchase Price. Final pool prices are also capable of revision.

NGC Settlements Limited

BASE LENDING RATES

	%		%		%
Adam & Company	10.5	Credit Lyonnais	10.5	McDonnell Douglas Bk	10.5
Allied Trust Bank	10.5	Cyprus Popular Bk	10.5	Midland Bank	10.5
AIB Bank	10.5	Dunbar Bank PLC	10.5	Mount Banking	10.5
● Henry Ansbacher	10.5	Duncan Lawrie	10.5	NatWestminster	10.5
B & C Merchant Bank	10.5	Equatorial Bank plc	10.5	Northern Bank Ltd	10.5
Bank of Baroda	10.5	Exeter Bank Limited	11	Nykredit Mortgage Bank	11
Banco Bilbao Vizcaya	10.5	Financial & Gen. Bank	11	Provincial Bank PLC	14
Bank of Cyprus	10.5	First National Bank Plc.	14	Roxburghe Bank Ltd	11.5
Bank of Ireland	10.5	● Robert Fleming & Co.	10.5	Royal Bk of Scotland	10.5
Bank of India	10.5	Robert Fraser & Ptnrs.	11	● Smith & Williamson Secs.	10.5
Bank of Scotland	10.5	Girobank	10.5	Standard Chartered	10.5
Banque Belge Ltd	10.5	● Guinness Mahon	10.5	TSB	10.5
Barclays Bank	10.5	● Hambros Bank	10.5	Unibank plc	10.5
Benchmark Bank	11	Hampshire Trust Plc	13.5	● United Bk of Kuwait	10.5
Brit Bk of Mid East	10.5	Heritable & Gen Inv Bnk.	10.5	Unity Trust Bank Plc	10.5
● Brown Shipley	10.5	● Hill Samuel	10.5	Western Trust	10.5
CL Bank Nederland	10.5	C. Hoare & Co.	10.5	Westpac Bank Corp	10.5
Citibank NA	10.5	Hongkong & Shanghai	10.5	Whiteaway Laidlaw	10.5
City Merchants Bank	10.5	Julian Hodge Bank	10.5	Yorkshire Bank	10.5
Clydesdale Bank	10.5	● Leopold Joseph & Sons	10.5		
Co-operative Bank	10.5	Lloyds Bank	10.5		
Coutts & Co	10.5	Meghraj Bank Ltd	10.5		

● Members of British Merchant Banking & Securities Houses Association.

A code to control chat lines

JUSTINIAN

Codes of practice in support of self-regulation of the service industries continue to sprout.

The most recent covers the provision of premium rate telephone services, such as those described as "adult entertainment" and so-called "chat lines" for children. The code is produced by ICSTIS, the independent committee which supervises telephone information services, and comes into force on February 1.

This new updated code raises the hoary issue of whether statutory control by governmental agency is preferable to self-regulation, so as to maximise consumer protection while allowing the service provider the greatest freedom to provide a commercially viable product.

Almost 20 years ago the UK's Office of Fair Trading, which is statutorily authorised to encourage trade associations to prepare codes of practice for guidance in safeguarding and promoting the interests of consumers, and to give its imprimatur to approved codes, recognised that codes had the greatest utility in areas which are ill-suited to statutory control.

It singled out for mention codes which were especially adept in improving the standard of services, which it said could not readily be achieved by legislation. The acid test is the ability of the supervisory body generally to set the appropriate standards to which the regulated are required to conform while at the same time operating an effective system of sanctions to punish those in breach of the code.

The new code prepared by ICSTIS is broadly divided into two parts: provisions which lay down the permissible limits of the contents of communications; and measures covering the type of advertising designed to encourage the use of such premium rate services (the number of calls total a staggering 6m a week, although the rapid increase during the late 1980s flattened out last year).

Much of the public complaint over the content of these services has focused on the so-called "adult entertainment" features (though these are declining in popularity). The code restricts these services to certain prefixes (0898 in the case of British Telecom), which users on digital telephone exchanges will be able to bar access to, free of charge.

By the mid-90s all but a few remote areas of the UK will be on digital dialling, enabling a majority of subscribers to opt out of the so-called pornographic services. This step forward has been widely welcomed by the public and sections of the telecommunications industry.

Other new measures protecting consumers relate to children's services. Some of these services last for several minutes and are hence expensive. Children may not sufficiently appreciate how much their calls are costing, often to the consternation of their parents who have to foot the bill. Such services will now be subject to a maximum call length of 7.5 minutes, after which the call must be terminated.

Advertisements for children's services, moreover, will be required to state the maximum potential cost of any call. ICSTIS will be monitoring this new provision to gauge its effectiveness.

Supervision of the advertising of premium rate services has been an important concern for ICSTIS. Information on prices is not always given; when information is provided it is often insufficiently legible. Advertising of sex lines in certain popular national newspapers has been curbed as a result of a significant ruling last summer by ICSTIS, which declared that the majority of such advertisements were unacceptably offensive.

The code has one important advantage over its predecessor: it incorporates many of the provisions of the British Code of Advertising Practice (BCAP), which were previously included only by cross reference to BCAP.

The BCAP is supervised by the Advertising Standards Authority (ASA), which was itself created in 1962 as a direct response to the threat of statutory control over the advertising industry. Its survival without government interference speaks well for self-regulation, particularly since it is not entirely independent of the industry.

The chairman of the ASA is appointed from outside the industry and at least half its members must have no connection with the industry. ASA members drawn from the industry itself are supposed to serve in their individual capacity and not as representatives of any sectional interests.

By contrast, ICSTIS contains no-one connected with the service operators. The chairman* is appointed by the network operators in consultation with the director-general of Oftel, the overall industry regulator.

The chairman appoints eight other members in consultation with the network operators. Normally a regulated industry finances its regulatory body. ICSTIS, however, is financed by the network operators. These operators, while sharing the income from the premium rate services with the service providers, do not themselves supply the actual information services and are therefore not subject to the provisions of the code.

The other special feature of ICSTIS is that it cannot be faulted in theory for being toothless. If there is a serious breach of its code, ICSTIS can recommend to the network operator that the guilty service provider should no longer have access to the lines allotted to it by the network operator.

Each service provider has a clause in its contract with the network operator requiring compliance with the code of practice. Any adverse adjudication by ICSTIS, and appropriate recommendation, constitutes a breach of contract.

Louis Blom-Cooper QC

The author is chairman of ICSTIS